

CITY OF DALTON GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year ENDED December 31, 2017



CITY OF DALTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2017

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2017**

TABLE OF CONTENTS

Introductory Section

| | |
|--|----|
| Table of Contents..... | i |
| Letter of Transmittal..... | v |
| GFOA Certificate of Achievement..... | ix |
| City Officials and Administration..... | x |
| Organizational Chart..... | xi |

Financial Section

| | |
|---|----------|
| Independent Auditors' Report | 1 |
|---|----------|

| | |
|---|----------|
| Management's Discussion and Analysis (Unaudited) | 4 |
|---|----------|

Basic Financial Statements

Government-wide Financial Statements

| | |
|--------------------------------|----|
| Statement of Net Position..... | 20 |
| Statement of Activities..... | 22 |

Fund Financial Statements

| | |
|---|----|
| Balance Sheet - Governmental Funds..... | 23 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 24 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds..... | 25 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 26 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund..... | 27 |
| Statement of Net Position - Proprietary Funds..... | 28 |
| Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position..... | 30 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds..... | 31 |
| Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities..... | 32 |
| Statement of Cash Flows - Proprietary Funds..... | 33 |
| Statement of Fiduciary Net Position..... | 35 |
| Statement of Changes in Fiduciary Net Position..... | 36 |

| | |
|--|-----------|
| Notes to the Basic Financial Statements | 37 |
|--|-----------|

Required Supplementary Information

| | |
|--|----|
| Schedule of Changes in the Net Pension Liability..... | 86 |
| Schedule of Funding Progress..... | 87 |
| Schedule of Actuarially Determined Contributions..... | 88 |
| Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information..... | 89 |

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2017**

TABLE OF CONTENTS

Other Combining and Individual Fund Statements and Schedules

Governmental Funds

Nonmajor Governmental Funds

| | |
|---|----|
| Combining Balance Sheet - By Fund Type..... | 90 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type..... | 91 |

Major Governmental Fund

| | |
|--|----|
| Comparative Balance Sheet - General Fund..... | 92 |
| Schedule of Revenues - Budget and Actual - General Fund..... | 93 |
| Schedule of Expenditures - Budget and Actual - General Fund..... | 95 |

Nonmajor Special Revenue Funds

| | |
|---|-----|
| Combining Balance Sheet..... | 101 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 102 |
| Comparative Balance Sheet - Hotel Motel Tax Fund..... | 103 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel Motel Tax Fund..... | 104 |
| Comparative Balance Sheet - Confiscated Assets Fund..... | 105 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund..... | 106 |
| Comparative Balance Sheet - Community Development Block Grant Fund..... | 107 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Development Block Grant Fund..... | 108 |
| Comparative Balance Sheet - Community HOME Investment Program Grant Fund..... | 109 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community HOME Investment Program Grant Fund..... | 110 |
| Comparative Balance Sheet - Airport Improvement Grant Fund..... | 111 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund..... | 112 |
| Comparative Balance Sheet - Transportation Enhancement Grant Fund..... | 113 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Enhancement Grant Fund..... | 114 |
| Comparative Balance Sheet - Tax Allocation District #1 Fund..... | 115 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation District # 1 Fur | 116 |
| Comparative Balance Sheet - Tax Allocation District #3 Fund..... | 117 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation District # 3 Fur | 118 |
| Comparative Balance Sheet - Economic Development Fund..... | 119 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Economic Development Fund | 120 |

Non-major Debt Service Fund

| | |
|---|-----|
| Comparative Balance Sheet..... | 121 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual..... | 122 |

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2017**

TABLE OF CONTENTS

| | |
|--|-----|
| Non-major Capital Projects Funds | |
| Combining Balance Sheet..... | 123 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 124 |
| Comparative Balance Sheet - SPLOST 2015 Capital Projects Fund..... | 125 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund..... | 126 |
| Comparative Balance Sheet - SPLOST 2015 Bonded Debt Capital Projects Fund..... | 127 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Bonded Debt Capital Projects Fund..... | 128 |
| Comparative Balance Sheet - SPLOST 2007 Capital Projects Fund..... | 129 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2007 Capital Projects Fund..... | 130 |
| Comparative Balance Sheet - Capital Acquisition Fund..... | 131 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund..... | 132 |
| Proprietary Funds | |
| Non-major Enterprise Funds | |
| Combining Statement of Net Position..... | 133 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position..... | 134 |
| Combining Statement of Cash Flows..... | 135 |
| Major Enterprise Fund | |
| Combining Schedule of Net Position - Water, Light, and Sinking Commission Fund..... | 136 |
| Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Water, Light, and Sinking Commission Fund..... | 138 |
| Non-major Enterprise Funds | |
| Comparative Statement of Net Position - Municipal Golf Course Fund..... | 139 |
| Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Municipal Golf Course Fund..... | 140 |
| Comparative Statement of Net Position - Dalton Municipal Airport Fund..... | 141 |
| Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Dalton Municipal Airport Fund..... | 142 |
| Internal Service Funds | |
| Comparative Statement of Net Position - Workers' Compensation Fund..... | 143 |
| Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Workers' Compensation Fund..... | 144 |
| Comparative Statement of Cash Flows - Workers' Compensation Fund..... | 145 |
| Fiduciary Fund | |
| Statement of Changes in Assets and Liabilities - Municipal Court Agency Fund..... | 146 |
| Discretely Presented Component Unit | |
| Comparative Statement of Net Position - City of Dalton Building Authority..... | 147 |
| Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - City of Dalton Building Authority..... | 148 |
| Comparative Statement of Cash Flows - City of Dalton Building Authority..... | 149 |

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2017**

TABLE OF CONTENTS

Statistical Section

Financial Trends

| | |
|---|-----|
| Net Position by Component..... | 150 |
| Changes in Net Position..... | 151 |
| Fund Balances of Governmental Funds..... | 156 |
| Changes in Fund Balances of Governmental Funds..... | 157 |

Revenue Capacity

| | |
|--|-----|
| Assessed Value and Estimated Actual Value of Taxable Property..... | 158 |
| Direct and Overlapping Property Tax Rates..... | 159 |
| Principal Property Taxpayers..... | 160 |
| Property Tax Levies and Collections..... | 161 |

Debt Capacity

| | |
|--|-----|
| Ratios of Outstanding Debt by Type..... | 162 |
| Ratios of General Obligation Debt Outstanding..... | 163 |
| Direct and Overlapping Governmental Activities Debt..... | 164 |
| Legal Debt Margin Information..... | 165 |
| Pledged-Revenue Coverage..... | 166 |

Demographic and Economic Information

| | |
|---|-----|
| Demographic and Economic Statistics..... | 167 |
| Principal Employers..... | 168 |
| Full-time Equivalent City Government Employees by Function/Program..... | 169 |
| Operating Indicators by Function/Program..... | 170 |
| Capital Asset Statistics by Function/Program..... | 172 |

Compliance Section

| | |
|--|-----|
| Schedule of Projects Constructed with Special Purpose Local Option Sales Tax..... | 173 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 174 |
| Schedule of Findings and Responses..... | 176 |
| Schedule of Prior Year Audit Findings..... | 177 |



June 29, 2018

Honorable Mayor, Distinguished Members of the City Council,
and Citizens of the City of Dalton:

The Comprehensive Annual Financial Report ("CAFR") of the City of Dalton, Georgia, for the year ended December 31, 2017, is hereby submitted as mandated by Georgia state statutes. These statutes require that every general-purpose local government publish within six months of the close of each fiscal year, unless an extension is approved, a complete set of audited financial statements.

Management assumes full responsibility for the accuracy of the data, and the completeness and reliability of the information presented in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The City has prepared the financial statements to meet the current applicable requirements of the Governmental Accounting Standards Board ("GASB"). The City of Dalton's financial statements have been audited by Estes & Walcott, Certified Public Accountants and they have rendered an unqualified opinion for the year ended December 31, 2017. The independent auditors' report is presented in the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, 85 miles north of Atlanta and 25 miles south of Chattanooga, Tennessee, and is within a day's drive of half the United States population. Dalton is served by two major railroads, CSX and Norfolk Southern. The community was originally founded in 1837 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and chartered December 29, 1847.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2010 U.S. Census, Dalton has a population of 33,123, with Whitfield County's population at 102,599. The Census Bureau estimates the 2017 population for Dalton at 33,748. Dalton boasts a mild climate with four distinctive seasons, an average temperature of 60°, and average annual rainfall of 56".

The City operates under a council-administration form of government. The City Council is comprised of a mayor and a four member council elected by the residents on a nonpartisan ballot for four year terms. The mayor is elected at large and the council members are elected by voters in each of the four separate wards. The Council serves as the legislative and policymaking body of the City. They enact laws, determine policies, and adopt the annual budget. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits.

The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by GASB. The City of Dalton Building Authority meets the current guidelines of GASB Statement No. 61, and is included as a discretely presented component unit in the City of Dalton's CAFR.

The Senior Center is jointly funded with Whitfield County, but is included in the City's report due to the City's ability to impose its will, as the Center's employees are City of Dalton employees.

The City of Dalton provides a full range of services to its citizens. These services include police and fire protection, a court system, highway and street maintenance, sanitation, recreational facilities, a golf course, an airport, a senior center, utilities, a convention center (a joint venture), and a solid waste facility (a joint venture). Selected demographic information is provided within the statistical section of this report. In addition, the City exercises fiduciary responsibility of the Mayor and Council of the City of Dalton Employee's Pension Plan and the City of Dalton Post Retirement Plan, both of which are reported in the financial statements as trust funds.

The annual budget functions as the basis for the City of Dalton's financial planning and control. In accordance with state law, the City adopts an annual operating budget consistent with generally accepted accounting principles. The budget is adopted by the City Council after a required public hearing and the required public notices. The budget is required to be adopted no later than December 31st. The budget is prepared by department and fund. Annual budgets are adopted for the general fund, debt service fund, and all special revenue funds. Annual operating budgets of enterprise funds are not legally required, but are utilized for planning, control, and evaluation purposes. The level of legal budgetary control is at the department level. Department directors have the discretion of budget transfers within their respective budget through the finance department, provided that the request does not increase the overall budget and personal services allocation for that department.

Local Economy

Dalton is the economic hub of northwest Georgia and continues to benefit economically by being the "Carpet Capital of the World". Dalton is home to the two largest carpet producers in the world (Mohawk Industries and Shaw Industries) and is the third largest manufacturing community per capita in Georgia. According to the Carpet and Rug Institute, the Dalton area continues to be the center of the tufted carpet industry and produces more than 70% of the total output of the world-wide industry of over \$9 billion.

The local economy continues to strengthen and is evidenced by the declining unemployment rate. The Dalton Metropolitan Statistical Area ("MSA") unemployment rate at the end of 2017 was 5.6% and is currently at 4.1%. We remain slightly above the national average of 3.8% and slightly below the state rate of 4.2%

Dalton embraces its manufacturing base and the carpet industry, but also realizes the need for diversifying the industrial base. The Dalton-Whitfield Joint Development Authority ("JDA") is the economic arm of Dalton and Whitfield County for recruitment of new businesses to the area. The JDA focuses on economic growth of the community by attracting and retaining jobs, diverse investments, and growing the tax base.

Dalton's economic development policies are implemented by JDA. From an overall growth perspective, the JDA reports that during 2017, the Dalton MSA received \$210 million in new capital investment. The investments were all flooring related, and included two expansions (IVC Group and Engineered Floors) and one new location (Marquis Industries).

The Georgia Department of Economic Development in conjunction with the JDA announced on May 30th that Hanwha Q CELLS Korea, a leader in global solar industry, will create more than 500 jobs and invest \$150 million in a new solar module manufacturing facility in Dalton. The Korean company will produce high-performance, high-quality photovoltaic modules at the new facility. The 350,000 square-foot facility will be located in the Carbondale Business Park and is slated to be operational in the first quarter of 2019.

Hamilton Health Care System announced the Peoples Cancer Institute and Anna Shaw Children's Institute facilities are both targeted for completion in 2019. The Peoples Cancer Institute is a \$30 million, 37,800 square foot building that will serve as a regional comprehensive cancer treatment center. The center will add cutting-edge technology for early detection and treatment of cancer and bring the cancer treatment operations under one roof. The Anna Shaw Children's Institute will treat children coping with autism spectrum disorder, attention deficit hyperactivity disorder, and other developmental delays.

On the education front, the Georgia Northwestern Technical College (“GNTC”) will receive \$18.7 million from the State of Georgia to build a 75,000 square foot facility. The Whitfield County School Board donated 23 acres of land to GNTC which made it possible to expand the campus. The expanded facility will provide classes that will develop the occupational skills and knowledge needed by area business and industry. The expansion is expected to be completed late 2018 or early 2019.

In November, voters approved the issuance of general obligation (“GO”) bonds to finance the construction of a sixth and seventh grade academy for Dalton Public School System. The \$40.4 million, thirty-year GO bonds were issued in April to assist in financing the \$50 million project budget.

Dalton’s downtown area continues to revitalize. The City entered into an agreement with the Community Foundation of Northwest Georgia to designate property to serve as a downtown public park and performance venue. Burr Park opened in the spring of 2018 and is host to a Friday night concert series as well as featured art festivals. The Downtown Dalton Development Authority and Believe Greater Dalton are completing a study about the vibrancy and future of downtown as we look to develop the area.

A private developer is renovating the old Crown Mill industrial facility into a 25,000 square foot shopping and meeting space. The building sits in the historic Crown Mill Village and will feature 4,000 square feet of common space under an atrium as well as a multiple patio spaces and a play area for children. The venue will have a funky urban feel and will host a Rak Market store, retail shops, restaurants, street vendors, a fitness facility, and a craft beer bar.

The closing of Kmart on Walnut Avenue spurred a host of retail interest for the prime real estate location. A new 50,000 square foot Food City will be the largest tenant, along with Ulta Beauty, Ross, and PetSmart. The developer will be adding 6,000 square feet of additional retail space as well. They are expected to open for business in mid-October 2018.

Planning for the Future

Dalton leadership continues to focus on maintaining a strong economic base, increasing diversification of industry, and enhancing residents’ quality of life through health, recreational, and leisure aspects of the community.

In planning for the future, the City leadership is investing in quality of life projects. Of the \$20.4 million estimated to be received from the 2015 1% Special Purpose Local Option Sales Tax (“SPLOST”), \$7.2 million has been designated to fund the Lakeshore-Brookwood and Haig Mill Reservoir park projects. The Lakeshore and Brookwood park project was completed in the spring of 2018 and included construction of 6 tennis courts, wetland restoration and conservation, walking track, fishing pier, and a boardwalk. The Haig Mill Reservoir park construction project is expected to be complete by the end of July 2018. This brand new park will feature canoeing-kayaking, walking-running-hiking trails, a fishing dock, and picnic pavilions.

In 2015, the citizens of Dalton approved a referendum that authorizes the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two tax allocation districts (“TAD”). The TAD #1 area encompasses much of the downtown area while the TAD #2 area encompasses East Walnut Avenue. In December 2016, the City amended the redevelopment plan, eliminated TAD #2, and adopted TAD #3. TAD #3 expanded the East Walnut Avenue area and reestablished base values for that area. Establishment of the district base value does not obligate the City, the City of Dalton Board of Education, or Whitfield County to participate in the TAD. The City has approved one pay-go TAD project for the redevelopment of the mall property located in TAD #3 and entered into intergovernmental agreements with the City of Dalton Board of Education and Whitfield County in regards to the project. Construction is expected to begin in August of 2018.

Community leaders from greater Dalton’s public, private, and non-profit sectors formed a group coined “Greater Dalton Community & Economic Development Strategy Committee” to assess the community’s economic health and well-being. The group hired a consultant to perform a community assessment. The report provided community goals and key initiatives. Enhancement of community pride and pursuit of a competitive and diverse housing stock are two of the initiatives the City leaders will focus in the coming year. The City will support these goals as follows:

- The City continues its commitment to reduce the amount of blight and improve the overall curb appeal of the City. The City will be adding emphasis on community pride through enhanced code enforcement and beautification efforts. Although the City’s code enforcement operations have been robust to date, more emphasis is needed to continue progress. The City will be working to improve the appearance of both public and private properties on main traffic corridors.
- City leaders will be focusing on increasing the availability and diversity of residential housing units within the city and downtown area by working with developers and local groups.

The City continues to maintain a healthy fund balance and exceed the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2017, the City’s general fund unrestricted fund balance was equal to 78% of general fund operating expenditures. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Excellence in Financial Reporting (“Certificate of Excellence”) to the City for its CAFR for the fiscal year ended December 31, 2016. This is the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded the Certificate of Excellence, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence is valid for a period of one year. We believe that our current CAFR continues to meet the GFOA’s requirements, and are submitting it in anticipation of receiving the Certificate of Excellence once again.

The timely preparation of this quality report was made possible by the dedicated service of the finance staff and the technical guidance and assistance afforded by our auditors.

We would also like to thank the City Council for their continued support and management of the City’s finances.

Respectfully submitted,


Jason Parker,
City Administrator


Cindy Jackson,
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dalton
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

**City of Dalton, Georgia
City Officials and Administration
December 31, 2017**

Dennis Mock
Mayor

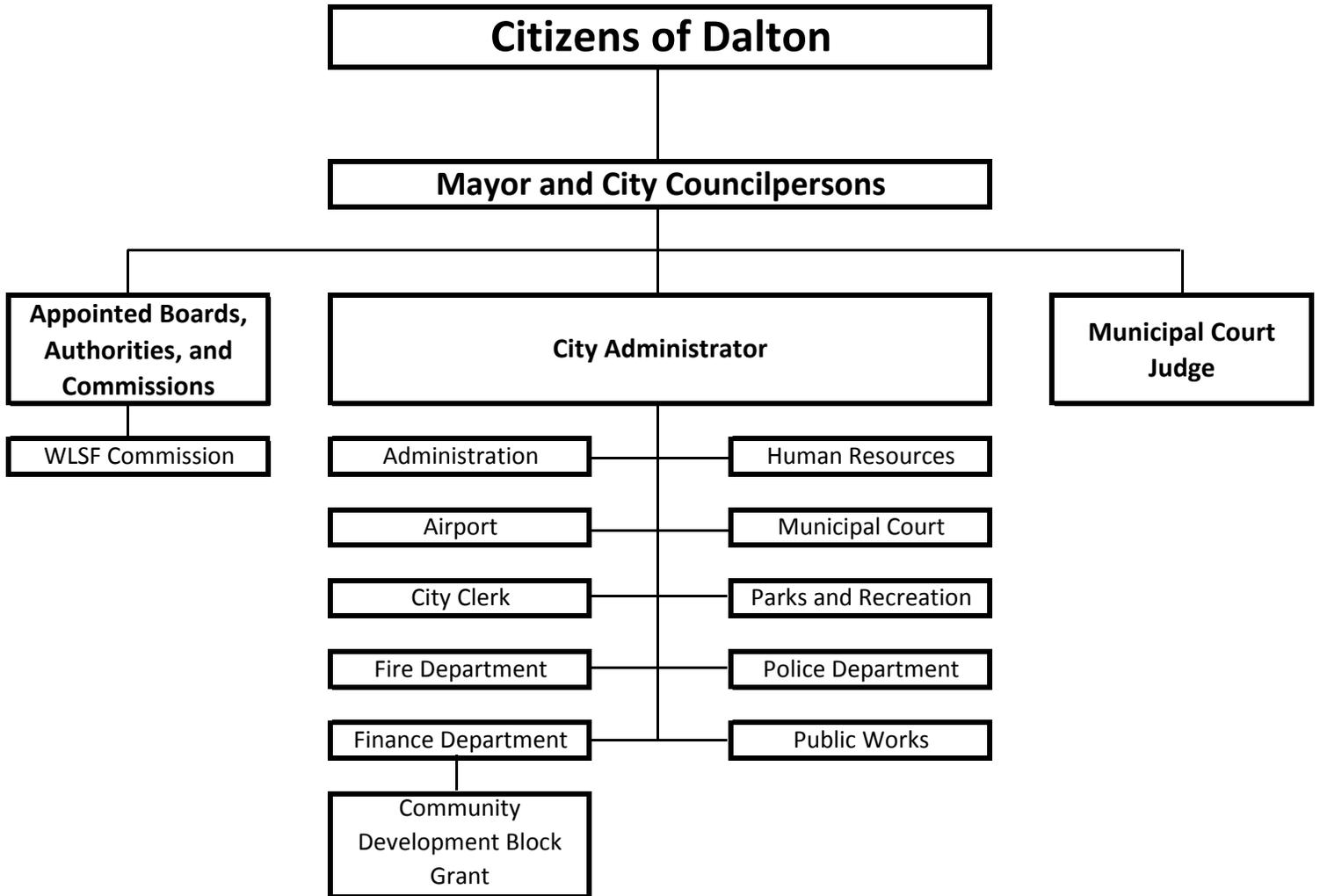
City Council

Denise Wood, Ward 1
Annalee Harlan, Ward 2
Tyree Goodlett, Ward 3
Gary Crews, Ward 4

City Administration

| | |
|--------------------|-----------------------------|
| Jason Parker | City Administrator |
| Cindy Jackson | Chief Financial Officer |
| Bernadette Chattam | City Clerk |
| Tom Bundros | WLSF Commission CEO |
| Todd Pangle | Fire Chief |
| Greg Batts | Human Resource Director |
| Mike Miller | Parks & Recreation Director |
| Cliff Cason | Police Chief |
| Benny Dunn | Public Works Director |

City of Dalton, Georgia
Organizational Chart
December 31, 2016





INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council,
City Administrator, and Finance Director
City of Dalton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water, Light, and Sinking Fund Commission ("WLSF Commission"), which is both a major fund and comprises 97%, 97%, and 99% of the assets, net position, and revenues of the business-type activities, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the WLSF Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the WLSF Commission were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information for pension plans on pages 4 –19 and 86 - 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose local option sales tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City of Dalton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 29, 2018

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2017. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1,010,823,682 (net position) for the calendar year reported. This represents an increase of \$39.4 million from the prior year net position.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$740.1 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net position of \$221.2 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$49.5 million represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$30.3 million this year. This represents an increase of \$854,607 from the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$23.6 million, or 78% of total general fund expenditures.
- The business-type activities enterprise funds reported total ending net position of \$920.2 million as of December 31, 2017. This reflects an increase of \$31.1 million from the prior year net position. The Water, Light, and Sinking Fund Commission ("WLSF Commission") is the City's only major enterprise fund and provides utility services including electric, gas, water, wastewater, and information technology. The WLSF Commission transferred \$10.4 million to the general fund during 2017. The WLSF Commission passes the cost of this transfer along to their customers. This surcharge is included in charges for services.

The above financial highlights are explained in more detail in the financial analysis section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Dalton's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The City's government-wide financial statements include the statement of net position and the statement of activities. The government-wide statement of net position presents information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The City reports assets when it acquires ownership and reports liabilities when incurred. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The statement of activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net position. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

The statement of net position and the statement of activities divide the City's activities into three types:

- **Governmental activities** – The activities reported in this category are the City's basic services such as general administration, fire, police, public works, recreation, and municipal court. Also included is the Dalton-Whitfield Joint Development Authority, which is a joint venture with Whitfield County. These activities are principally supported by taxes and intergovernmental transfers.
- **Business-type activities** – The City charges fees to customers to recover all or a significant portion of costs for the services provided. The WLSF Commission, whose services include electric, natural gas, water, wastewater, and information technology, along with a municipal golf course and a municipal airport, are included as business-type activities. Also included is the City's share of the net income or cost of the Northwest Georgia Trade and Convention Center Authority and the Dalton-Whitfield Regional Solid Waste Management Authority, which are joint ventures with Whitfield County.
- **Discretely presented component unit** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The City of Dalton Building Authority is presented as a component unit for the City of Dalton.

The government-wide financial statements are presented on pages 20 through 22 of this report.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to track specific resources and expenditures, either for management purposes or because of legal mandates. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City's funds are divided into three categories:

- **Governmental funds** – These funds account for the same functions reported as governmental activities in the government-wide financial statements. However, fund financial statements are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The focus is on the short-term view of the City's general government operations and the services provided. These statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

This report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as required supplementary information for the general fund and are presented as a part of the basic financial statements. Budgetary comparison schedules for all other governmental funds are found in a later section of this report. These statements and schedules demonstrate the City's compliance with the adopted and final budgets.

The basic governmental fund financial statements are presented on pages 23 through 27 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

- **Proprietary funds** – These funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, gas, water, and wastewater utilities, information technology systems, an airport, and a public golf course. Services provided by the two joint ventures to customers include landfill services and a public trade and convention center. Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes an internal service fund for workers' compensation. The activity of the workers' compensation fund is reported in governmental activities in the government-wide statement.

The basic enterprise fund financial statements are presented on pages 28 through 34 of this report.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, an other post-employment benefits ("OPEB") trust fund, and a municipal court agency fund. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. These funds are reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are found on pages 35 and 36 of this report. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net position.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 37 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's defined benefit pension plan. Required supplementary information can be found on pages 86 through 89 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 90.

The City has one discretely presented component unit, the City of Dalton Building Authority. The City of Dalton Building Authority does not issue separate financial statements. The City of Dalton Building Authority's financial statements are presented in the financial section of this report on pages 147 through 149. Additional information about the component unit can be found in Note 1-A, Note 4-E, and Note 4-F.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2017 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2017 and 2016

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|----------------------|--------------------------|------------------------|------------------------|------------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Assets: | | | | | | |
| Current assets | \$ 33,906,880 | \$ 32,726,510 | \$ 54,653,426 | \$ 55,453,713 | \$ 88,560,306 | \$ 88,180,223 |
| Capital assets | 89,787,914 | 86,753,469 | 788,428,654 | 801,827,712 | 878,216,568 | 888,581,181 |
| Other long-term assets | <u>475,717</u> | <u>245,772</u> | <u>265,656,231</u> | <u>146,647,934</u> | <u>266,131,948</u> | <u>146,893,706</u> |
| Total assets | <u>124,170,511</u> | <u>119,725,751</u> | <u>1,108,738,311</u> | <u>1,003,929,359</u> | <u>1,232,908,822</u> | <u>1,123,655,110</u> |
| | | | | | | |
| Deferred outflows of resources | <u>1,233,561</u> | <u>1,937,366</u> | <u>1,522,294</u> | <u>2,368,426</u> | <u>2,755,855</u> | <u>4,305,792</u> |
| | | | | | | |
| Total assets and deferred outflows | <u>\$125,404,072</u> | <u>\$121,663,117</u> | <u>\$1,110,260,605</u> | <u>\$1,006,297,785</u> | <u>\$1,235,664,677</u> | <u>\$1,127,960,902</u> |
| | | | | | | |
| Liabilities: | | | | | | |
| Current liabilities | 5,535,659 | 5,514,443 | 27,929,426 | 26,543,879 | 33,465,085 | 32,058,322 |
| Long-term liabilities | <u>22,724,812</u> | <u>28,764,280</u> | <u>157,898,482</u> | <u>88,129,129</u> | <u>180,623,294</u> | <u>116,893,409</u> |
| Total liabilities | <u>28,260,471</u> | <u>34,278,723</u> | <u>185,827,908</u> | <u>114,673,008</u> | <u>214,088,379</u> | <u>148,951,731</u> |
| | | | | | | |
| Deferred inflows of resources | <u>2,332,093</u> | <u>793,928</u> | <u>8,420,523</u> | <u>6,744,266</u> | <u>10,752,616</u> | <u>7,538,194</u> |
| | | | | | | |
| Net position: | | | | | | |
| Net investment in capital assets | 81,410,981 | 75,726,246 | 658,650,654 | 744,179,712 | 740,061,635 | 819,905,958 |
| Restricted | 7,061,016 | 8,550,470 | 214,165,000 | 96,509,000 | 221,226,016 | 105,059,470 |
| Unrestricted | <u>6,339,511</u> | <u>2,313,750</u> | <u>43,196,520</u> | <u>44,191,799</u> | <u>49,536,031</u> | <u>46,505,549</u> |
| Total net position | <u>94,811,508</u> | <u>86,590,466</u> | <u>916,012,174</u> | <u>884,880,511</u> | <u>1,010,823,682</u> | <u>971,470,977</u> |
| | | | | | | |
| Total liabilities, deferred inflows, and net position | <u>\$125,404,072</u> | <u>\$121,663,117</u> | <u>\$1,110,260,605</u> | <u>\$1,006,297,785</u> | <u>\$1,235,664,677</u> | <u>\$1,127,960,902</u> |

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dalton, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,010,823,682 at the close of the current year.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The most substantial portion of the City's net position is net investment in capital assets of \$740.1 million (73%). This represents the City's machinery, equipment, and infrastructure less any related debt used to purchase or construct those capital assets. The City uses these assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City reports restricted net position of \$221.2 million (22%). These funds are subject to external restrictions on how they may be used. The remaining net position of \$49.5 million (5%) is unrestricted and may be used to meet the ongoing operations and obligations of the City.

Although net position of the business-type activities represents 91% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

At the end of the current fiscal year, the City reported positive balances in all categories of net position for its governmental and business-type activities. As a whole, the City of Dalton's net position increased by \$39.4 million during 2017. The business-type activities net position increased by \$31.1 million while the governmental activities net position increased by \$8.2 million.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The effects of the City's operations and resulting change in net position for the 2017 year is summarized as follows, based on information presented in the government-wide statement of activities.

Summary Statement of Activities
Fiscal Years 2017 and 2016

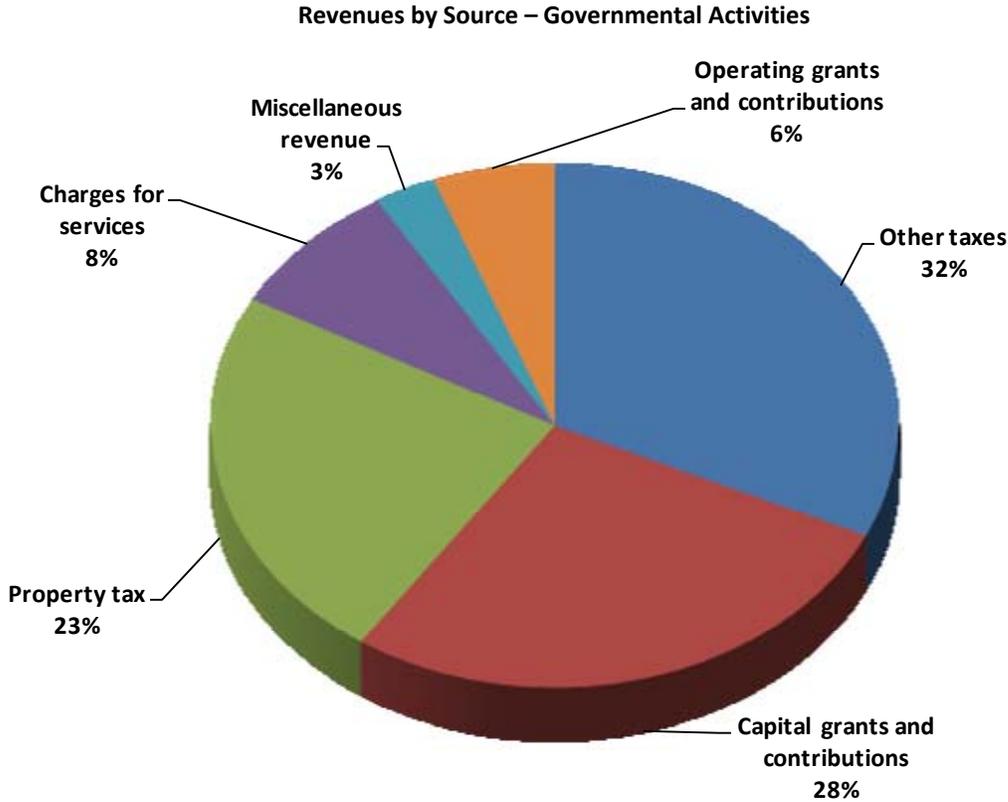
| | Governmental activities | | Business-type activities | | Total | |
|--------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | \$ 3,070,268 | \$ 2,881,592 | \$ 212,477,335 | \$ 206,636,183 | \$ 215,547,603 | \$ 209,517,775 |
| Operating grants | 2,092,951 | 1,699,959 | - | - | 2,092,951 | 1,699,959 |
| Capital grants | 10,100,807 | 10,147,970 | - | - | 10,100,807 | 10,147,970 |
| General: | | | | | | |
| Property taxes | 8,552,650 | 8,197,757 | - | - | 8,552,650 | 8,197,757 |
| Other taxes | 11,650,362 | 10,789,526 | - | - | 11,650,362 | 10,789,526 |
| Investment earnings | 299,310 | 227,495 | 1,371,485 | 180,242 | 1,670,795 | 407,737 |
| Other | 758,464 | 683,418 | 591,000 | 410,850 | 1,349,464 | 1,094,268 |
| Total revenues | <u>36,524,812</u> | <u>34,627,717</u> | <u>214,439,820</u> | <u>207,227,275</u> | <u>250,964,632</u> | <u>241,854,992</u> |
| Program Expenses: | | | | | | |
| General government | 2,574,600 | 3,029,543 | - | - | 2,574,600 | 3,029,543 |
| Judicial | 424,203 | 433,156 | - | - | 424,203 | 433,156 |
| Public safety | 16,145,618 | 16,548,965 | - | - | 16,145,618 | 16,548,965 |
| Public works | 9,403,531 | 9,367,281 | - | - | 9,403,531 | 9,367,281 |
| Health and welfare | 419,892 | 468,925 | - | - | 419,892 | 468,925 |
| Culture and recreation | 5,627,651 | 5,833,592 | - | - | 5,627,651 | 5,833,592 |
| Housing and development | 121,645 | 260,840 | - | - | 121,645 | 260,840 |
| Interest | 324,325 | 372,838 | - | - | 324,325 | 372,838 |
| Utilities | - | - | 174,954,554 | 170,567,104 | 174,954,554 | 170,567,104 |
| Trade Center | - | - | 515,534 | 492,074 | 515,534 | 492,074 |
| Landfill | - | - | (651,831) | (522,810) | (651,831) | (522,810) |
| Golf course | - | - | 898,210 | 901,402 | 898,210 | 901,402 |
| Airport | - | - | 853,995 | 846,647 | 853,995 | 846,647 |
| Total expenses | <u>35,041,465</u> | <u>36,315,140</u> | <u>176,570,462</u> | <u>172,284,417</u> | <u>211,611,927</u> | <u>208,599,557</u> |
| Excess (deficiency) | 1,483,347 | (1,687,423) | 37,869,358 | 34,942,858 | 39,352,705 | 33,255,435 |
| Transfers | 6,737,695 | 9,567,313 | (6,737,695) | (9,567,313) | - | - |
| Change in net position | 8,221,042 | 7,879,890 | 31,131,663 | 25,375,545 | 39,352,705 | 33,255,435 |
| Beginning net position | 86,590,466 | 78,710,576 | 884,880,511 | 859,504,966 | 971,470,977 | 938,215,542 |
| Ending net position | <u>\$94,811,508</u> | <u>\$86,590,466</u> | <u>\$916,012,174</u> | <u>\$884,880,511</u> | <u>\$1,010,823,682</u> | <u>\$971,470,977</u> |

The City's total revenues increased \$9.1 million (4%) and the total cost of services and programs provided increased \$3.0 million (1%). Additional information is provided below regarding governmental and business-type activities changes in net position.

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)**

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2017:



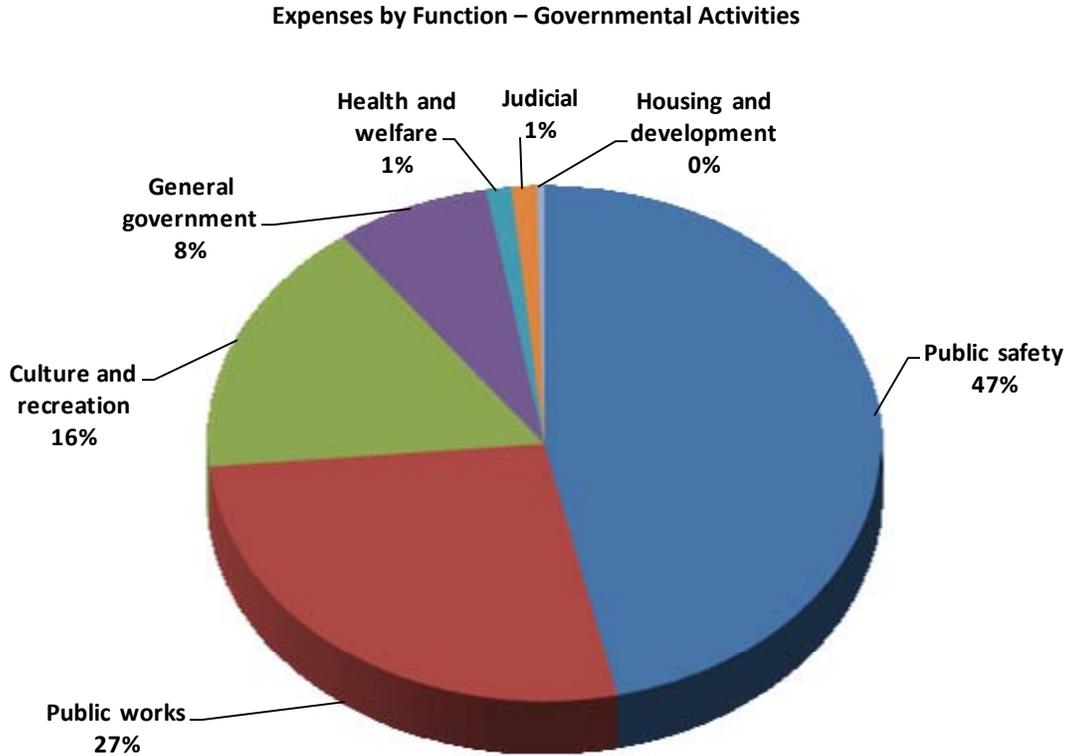
As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activities. Other taxes includes sales tax, insurance premium tax, hotel-motel tax, title advalorem tax, franchise tax, and alcohol beverage tax. The City's governmental activities total revenues increased \$1.9 million (5%).

Key elements regarding the increased revenues and fluctuations are discussed below:

- The largest increase occurred in the other taxes category. This category comprises 32% of total revenues and increased \$861,000 (8%). Sales tax increased \$506,000, title ad valorem tax increased \$179,000, insurance premium tax increased \$134,000, and hotel-motel tax increased \$90,000. The increase in this category is indicative of a recovering economy.
- The operating grants and contribution category increased \$393,000 (23%). This revenue increase is due to SPLOST collections earmarked for non-capitalized expenses such as road resurfacing costs.
- Property taxes comprised 23% of total revenue and increased \$355,000 (4%). The taxable digest increased 4% coupled with an increase in the millage rate of 3% over the roll back rate.

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)**

The following chart depicts expenses of the governmental activities for the year ended December 31, 2017:



As depicted by the expense diagram above, the largest use of City resources was providing public safety services such as fire and police, followed by public works. The City's governmental activities total expenses decreased \$1.3 million (4%).

The overall decrease of \$1.3 million is attributable to the decrease of \$4.0 million in the net pension liability attributable to governmental activities. This liability decrease resulted in a decrease to pension expense of \$1.8 million. Decreases were allocated to the governmental functions as follows: public safety \$1.2 million, public works \$418,000, culture and recreation \$86,000, general government \$74,000, health and welfare \$27,000, and judicial \$12,000.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden placed on the City's taxpayers by each of these functions.

| | Governmental activities | |
|-------------------------|---------------------------|-------------------------|
| | Total cost of services | Net cost of services |
| General government | \$ 2,574,600 | \$ 161,332 |
| Judicial | 424,203 | (319,488) |
| Public safety | 16,145,618 | 14,422,028 |
| Public works | 9,403,531 | 2,621,008 |
| Health and welfare | 419,892 | 165,408 |
| Culture and recreation | 5,627,651 | 2,329,893 |
| Housing and development | 121,645 | 72,933 |
| Interest | 324,325 | 324,325 |
| Total | \$ 35,041,465 | \$ 19,777,439 |

The judicial net cost of service indicates revenues generated by the court covered the cost of this function.

Business-type Activities

The City's business-type activities revenues increased \$7.2 million (3%) and expenses increased \$4.3 million (2%).

Revenues:

The increase in charges for services of \$5.8 million (3%) is primarily attributable to Dalton's utility operations, the WLSF Commission, as follows:

- Electric operating revenues decreased \$2.7 million (2%) primarily due to decreased consumption by all customer classes with the exception of the industrial customers. This decrease in consumption is partially a result of milder weather in 2017 as compared to 2016.
- Natural gas operating revenues increased \$8.6 million (44%) primarily due to an increase in the average market-based index prices, coupled with increased consumption for industrial customers. During 2017, two of our large industrial customers changed from third party transport to retail natural gas.
- Water operating revenues decreased slightly by \$0.7 million, or 3%, primarily due to a decrease in consumption for residential and commercial customers, partially offset by a rate increase for urban residential and commercial customers.
- Wastewater operating revenues increased slightly by \$0.04 million, or 2%, primarily due to an increase in consumption for industrial customers, partially offset by a decrease in consumption by our commercial customers.
- Information technology operating revenues increased \$0.4 million, or 2%, primarily due to an increase in customer base.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The increase in investment income of \$1.2 million (661%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income increased \$0.2 million due to the reinvestment of portfolio securities at slightly higher interest rates.
- The fair value of investments increased by approximately \$0.2 million in 2017 versus a decrease in fair value of approximately \$0.9 million in 2016 as a result of the change in the overall bond market.

Expenses:

The increase in program expenses of \$4.3 million (3%) is primarily attributable to the WLSF Commission's operations as follows:

- Production expenses decreased \$2.8 million (7%) due primarily to a decrease in fuel expenses at jointly owned generating facilities, resulting from a decrease in the average price of coal in 2017.
- Purchased electricity expenses increased \$4.3 million (10%) primarily due to an increase in the variable incremental energy and fixed capacity expenses.
- Purchased natural gas expenses increased \$8.0 million (63%) primarily due to an increase in the average monthly index cost of natural gas, coupled with increased consumption for industrial customers. The average monthly index cost of natural gas increased 25% and the average price was \$3.03 per Dth for 2017 as compared to \$2.42 per Dth for 2016.
- Distribution expenses increased slightly by \$0.3 million (1%) primarily due to an increase in television content charges.
- Depreciation and amortization decreased \$4.8 million (17%), which reflects lower depreciation rates implemented in 2017, offset by the addition of assets in the normal course of business.
- General and administrative expenses increased by \$0.4 million (3%) primarily due to a decrease in retirement contributions for the defined benefit plan. Employees of the Company participate in the City of Dalton's defined-contribution retirement plan and the Company records the required annual contributions as operating expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$30,320,847. Of this year-end total, 78% (\$23,563,828) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable (\$171,720) and restricted for particular purposes (\$6,585,299).

The total ending fund balances of governmental funds reflect an increase of \$854,607 (3%) from the prior year. The general fund reported an increase in fund balance of \$2,588,966 (12%) and the other governmental funds reported a decrease in fund balances of \$1,734,359 (21%).

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Major Governmental Fund

The general fund is the City's primary operating fund and is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other externally imposed requirements. At the end of 2017, the fund balance of the general fund was \$23.9 million. Unassigned fund balance represents 78% of general fund expenditures, an increase from the prior year, in which unassigned fund balance represented 70% of expenditures.

The general fund increased fund balance by \$2.6 million during the fiscal year. Key factors are as follows:

- General fund total revenues of \$23.1 million were \$1.3 million more than the prior year's revenue. The increase in assessed taxable property values and a slight millage rate increase accounted for \$676,000 of increased revenues. The City also saw increases in sales tax \$506,000, title ad valorem tax \$179,000 and insurance premium tax of \$134,000.
- General fund total expenditures of \$30.1 million were flat when compared with the prior year due to unfilled positions in public safety, public works, general government, and recreation.
- Other financing sources of \$10.7 million increased \$291,000 from the prior year due to an increase in the utility transfer of \$148,000 and hotel-motel tax of \$143,000.
- Other financing uses of \$1.1 million decreased \$1.6 million from the prior year due primarily to a decrease in capital funding.

Capital Projects Funds

- The SPLOST 2015 capital projects fund is used to account for the issuance of debt associated with the 2015 SPLOST and the acquisition and construction of major capital assets from those funds. Revenues consisted of investment earnings of \$9,869 and expenditures totaled \$3.0 million for various SPLOST projects. At the end of 2017, fund balance was \$463,565 and is restricted to complete the various projects.
- The SPLOST 2015 bonded debt capital projects fund is used to account for the acquisition and construction of major capital assets and accumulation of funds to retire the debt associated with the 2015 SPLOST. Revenues are derived primarily from SPLOST. SPLOST revenues totaled \$6.4 million, state funding totaled \$554,738, investment earnings totaled \$57,287, and expenditures totaled \$5.8 million, \$3.6 million for various SPLOST projects and \$2.2 million to retire debt. At the end of 2017, fund balance was \$5.8 million and is restricted to complete the various projects and retire debt.
- The SPLOST 2007 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues are primarily derived from SPLOST. This SPLOST expired at the end of 2010. Whitfield County, Georgia is fiscally responsible for unspent funds. The City of Dalton accounts for the various infrastructure projects within the City of Dalton limits as the funds are spent.
- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived from transfers from the general fund. Other financing sources totaled \$480,820 from the general fund for equipment purchases. Total expenditures were \$480,820 for acquisition of vehicles, equipment, and building repairs and renovations for various departments.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Proprietary Funds

The proprietary funds share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. This provides a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

Major Proprietary Fund

The WLSF Commission provides electric, natural gas, water, wastewater, and information technology services to customers in the City of Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

The WLSF Commission net position represents 97% of total proprietary fund net position. Financial analysis in regards to the WLSF Commission can be found in the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared in accordance with Georgia law and over the course of the year was amended by the City Council. The amendments to the general fund resulted in a net increase to budgeted revenues of \$584,440, a net decrease to budgeted expenditures of \$1,456,350, and net decrease to other financing sources (uses) of \$68,845.

The following addresses the major differences between the original adopted and final adjusted budget:

Revenues:

- Increase of \$1,000,620 for property taxes
- Increase of \$224,040 for cash donations
- Increase of \$35,000 for interest earnings
- Increase of \$31,180 for federal grant revenue
- Increase of \$25,000 for penalties and interest
- Increase of \$22,500 for rental revenue
- Increase of \$800 for senior center activity revenue
- Decrease of \$400,000 for the anticipated sale of the Dalton Depot
- Decrease of \$354,700 to transfer LMIG funds for SPLOST paving match

Expenditures:

- Increase of \$44,100 for DWCDC funding
- Increase of \$31,180 for public safety federal grant fund expenditures
- Increase of \$20,290 for donations for public safety and recreation expenditures
- Increase of \$12,500 for City Hall maintenance
- Decrease of \$981,500 for wages and benefits associated with unfilled positions
- Decrease of \$354,700 for LMIG road expenditures moved to SPLOST funds
- Decrease of \$212,885 for fuel, utilities, legal and contract services within various departments
- Decrease of \$15,335 for senior center activity expenditures

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Other Financing Sources (Uses):

- Increased uses of \$367,290 for capital expenditures for public safety, public works, IT and recreation departments
- Increased uses of \$113,755 for restricted donation for recreation department pool renovation
- Decreased uses of \$72,700 for funding of TAD and airport grant special revenue funds
- Increased sources of \$339,500 for hotel-motel tax revenue and utility transfer fee

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2017 was \$89.8 million and \$788.4 million, respectively. The book value of the governmental activities investment in capital assets increased by \$3.0 million. The book value of the business-type activities investment in capital assets decreased by \$13.4 million. Depreciated cost for capital assets of the City as a whole decreased by \$10.4 million. See Note 3-E for additional information about changes in capital assets during the calendar year. The following table provides a summary of capital asset balances by asset type.

Capital Assets, Net of Accumulated Depreciation
Fiscal Years 2017 and 2016

| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 17,966,370 | \$ 20,805,637 | \$ 4,525,529 | \$ 1,664,722 | \$ 22,491,899 | \$ 22,470,359 |
| Construction in progress | <u>11,138,926</u> | <u>7,475,228</u> | <u>108,866,000</u> | <u>135,273,000</u> | <u>120,004,926</u> | <u>142,748,228</u> |
| Total non-depreciable | <u>29,105,296</u> | <u>28,280,865</u> | <u>113,391,529</u> | <u>136,937,722</u> | <u>142,496,825</u> | <u>165,218,587</u> |
| Depreciable assets: | | | | | | |
| Land improvements | 33,236,321 | 30,235,823 | 7,954,905 | 7,819,408 | 41,191,226 | 38,055,231 |
| Buildings and improvements | 35,310,771 | 35,310,771 | 3,763,489 | 3,763,489 | 39,074,260 | 39,074,260 |
| Machinery, equipment, and furniture | 26,833,766 | 24,102,913 | 2,528,014 | 2,508,198 | 29,361,780 | 26,611,111 |
| Intangibles | 1,102,492 | 1,161,002 | - | - | 1,102,492 | 1,161,002 |
| Utility plant | - | - | 1,190,281,000 | 1,156,064,000 | 1,190,281,000 | 1,156,064,000 |
| Infrastructure | <u>106,358,329</u> | <u>105,955,134</u> | <u>-</u> | <u>-</u> | <u>106,358,329</u> | <u>105,955,134</u> |
| Total depreciable assets | 202,841,679 | 196,765,643 | 1,204,527,408 | 1,170,155,095 | 1,407,369,087 | 1,366,920,738 |
| Less accumulated depreciation | <u>142,159,061</u> | <u>138,293,039</u> | <u>549,444,283</u> | <u>526,225,105</u> | <u>691,603,344</u> | <u>664,518,144</u> |
| Book value-depreciable assets | <u>60,682,618</u> | <u>58,472,604</u> | <u>655,083,125</u> | <u>643,929,990</u> | <u>715,765,743</u> | <u>702,402,594</u> |
| Percentage depreciated | <u>70%</u> | <u>70%</u> | <u>46%</u> | <u>45%</u> | <u>49%</u> | <u>49%</u> |
| Nuclear fuel, at amortized cost | <u>-</u> | <u>-</u> | <u>19,954,000</u> | <u>20,960,000</u> | <u>19,954,000</u> | <u>20,960,000</u> |
| Book value - all assets | <u>\$ 89,787,914</u> | <u>\$ 86,753,469</u> | <u>\$ 788,428,654</u> | <u>\$ 801,827,712</u> | <u>\$ 878,216,568</u> | <u>\$ 888,581,181</u> |

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)**

Major capital asset changes during the current year for governmental activities included the following:

- Public safety vehicle and equipment purchases of \$421,000; major purchases include eleven public safety vehicles
- Public works machinery and equipment purchases of \$243,000
- Culture and recreation machinery and equipment purchases of \$114,000
- Land and construction in progress for various road infrastructure projects (\$4.8 million) and recreational facilities (\$3.0 million)
- Various parcels of land and associated costs were transferred to the airport proprietary fund (\$3.0 million)

Major capital asset changes during the current year ended for business-type activities were primarily attributable to the WLSF Commission and included the following:

- Increase in accumulated depreciation of \$22.7 million, offset by an increase in plant in service of \$34.2 million. Construction work in progress decreased \$26.4 million as a result of additional construction costs for the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4 of approximately \$35 million, offset by the proceeds of approximately \$59 million from the Toshiba Guarantee Settlement Agreement.

Long-term Debt

At the end of the calendar year, the City had total capital leases, revenue bonds, and notes outstanding of \$83.3 million. This is an increase of \$72.3 million from the prior year. Refer to Note 3-I for additional information regarding the City's long-term debt.

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Totals</u> | |
|------------------------|--------------------------------|----------------------|---------------------------------|-------------|----------------------|----------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Capital leases payable | \$ 8,270,933 | \$ 10,868,223 | \$ - | \$ - | \$ 8,270,933 | \$ 10,868,223 |
| Revenue bonds | - | - | 74,953,000 | - | 74,953,000 | - |
| Notes | <u>106,000</u> | <u>159,000</u> | <u>-</u> | <u>-</u> | <u>106,000</u> | <u>159,000</u> |
| Total | <u>\$ 8,376,933</u> | <u>\$ 11,027,223</u> | <u>\$ 74,953,000</u> | <u>\$ -</u> | <u>\$ 83,329,933</u> | <u>\$ 11,027,223</u> |

The City maintains a credit rating of Aa2 from Moody's on general obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current (5/18) unemployment rate of 4.1% is lower than the state rate of 4.2%, but continues to be higher than the national rate of 3.8%. The rate is steadily declining as the flooring industry, the dominant component of the economy in Dalton, continues to improve and expand operations.

The citizens of Dalton passed a referendum in 2015 that authorized the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two redevelopment districts. The City designated the Dalton-Whitfield Joint Development Authority as the designated redevelopment agency. The City approved its first TAD project to redevelop the mall site located on West Walnut Avenue. Intergovernmental agreements have been adopted with Whitfield County, Georgia and the City of Dalton Board of Education and the project is expected to begin in the summer of 2018.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The current LOST agreement provides for an additional 1% allocation starting in 2017 that increases the City's total collection percentage to 34% for the 2017 and 2018 budget year.

The City contracted with a consulting firm to provide a high-level review of the City operations in order to identify opportunities for increased efficiency and effectiveness that may result in budgetary savings and service improvements. The study was completed in late October 2017 and will be utilized as a management tool for subsequent budgets.

The 2018 general fund budget reflects a 6% (\$1.3 million) decrease in revenues when compared to 2017 actual revenues. Budgeted expenditures for 2018 reflect a 9% (\$2.7 million) increase when compared to actual 2017 expenditures. The 2018 budgeted other financing resources indicate a 7% (\$707,000) increase when compared to 2017, and the 2018 budgeted other financing uses indicate a 29% (\$330,000) decrease. The City's adopted 2018 general fund budget is balanced with utilization of fund balance of \$1.6 million.

The City considered the following factors when preparing the 2018 budget:

- Assessed property values are expected to remain flat. The 2018 budget assumes no millage rate change.
- Revenues were adjusted down to reflect the decrease expected in sales tax, vehicle tax revenue, title ad valorem tax, donations, and municipal court fees and fines-forfeitures. Revenues were adjusted up to reflect the increase expected in intergovernmental revenue, new stormwater fee line item, and interest income.
- A 3% COLA is factored in for full-time employees effective 1/1/18.
- The employer pension contribution rate will increase by 2.4% to a total rate of 50.9%. The defined contribution plan employer match will remain at 5%.
- The OPEB funding will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2018.
- The public safety, public works, and recreation budgets assume less than 100% staffing level. Employee levels remained flat with no added positions for 2018.
- The City will continue to evaluate the level of services desired by citizens and how to provide those services as economically as possible.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. If you have questions concerning this document or would like to request additional information, contact the City's Chief Financial Officer, 300 West Waugh Street, Dalton, Georgia 30720 or access the City's website at www.cityofdalton-ga.gov.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2017

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|------------------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | City of Dalton Building Authority |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 21,882,962 | \$ 7,532,335 | \$ 29,415,297 | \$ 7,105,069 |
| Investments | 6,618,081 | 251,000 | 6,869,081 | - |
| Receivables: | | | | |
| Accounts | 1,283,710 | 14,973,340 | 16,257,050 | - |
| Taxes | 1,029,478 | - | 1,029,478 | - |
| Intergovernmental | 2,920,929 | - | 2,920,929 | - |
| Interest | - | 230,000 | 230,000 | - |
| Capital leases | - | - | - | 9,037,000 |
| Unbilled revenues | - | 7,722,000 | 7,722,000 | - |
| Fuel stocks | - | 2,915,000 | 2,915,000 | - |
| Inventory | 170,031 | 17,364,751 | 17,534,782 | - |
| Deposits and prepaid items | 1,689 | 719,000 | 720,689 | - |
| Restricted customer deposit fund | - | 2,946,000 | 2,946,000 | - |
| Total Current Assets | <u>33,906,880</u> | <u>54,653,426</u> | <u>88,560,306</u> | <u>16,142,069</u> |
| Noncurrent Assets | | | | |
| Nondepreciable capital assets | 29,105,296 | 113,391,529 | 142,496,825 | - |
| Depreciable capital assets, net | 60,682,618 | 655,083,125 | 715,765,743 | - |
| Nuclear fuel, at amortized cost | - | 19,954,000 | 19,954,000 | - |
| Restricted combined renewals and extensions fund | - | 67,134,000 | 67,134,000 | - |
| Restricted combined utilities construction fund | - | 75,643,000 | 75,643,000 | - |
| Restricted nuclear decommissioning | - | 66,709,000 | 66,709,000 | - |
| Regulatory asset | - | 36,828,000 | 36,828,000 | - |
| Capital leases receivable | - | - | - | 10,575,000 |
| Investment in joint ventures | 475,717 | 19,342,231 | 19,817,948 | - |
| Total Noncurrent Assets | <u>90,263,631</u> | <u>1,054,084,885</u> | <u>1,144,348,516</u> | <u>10,575,000</u> |
| Total Assets | <u>124,170,511</u> | <u>1,108,738,311</u> | <u>1,232,908,822</u> | <u>26,717,069</u> |
| Deferred Outflows of Resources | <u>1,233,561</u> | <u>1,522,294</u> | <u>2,755,855</u> | <u>-</u> |
| Total Assets and Deferred Outflows | <u>\$125,404,072</u> | <u>\$1,110,260,605</u> | <u>\$1,235,664,677</u> | <u>\$ 26,717,069</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2017

| | Primary Government | | | Component Unit |
|--|------------------------------------|-------------------------------------|-------------------------|--|
| | Governmental Activities | Business-type Activities | Total | City of Dalton Building Authority |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 2,070,554 | \$ 22,382,821 | \$ 24,453,375 | \$ 7,105,069 |
| Internal balances | (1,412,669) | 1,412,669 | - | - |
| Accrued interest payable | 115,043 | - | 115,043 | - |
| Claims payable | 620,916 | - | 620,916 | - |
| Unearned revenue | 192,738 | 19,936 | 212,674 | - |
| Compensated absences payable | 1,500,000 | 40,000 | 1,540,000 | - |
| Notes payable | 53,000 | - | 53,000 | - |
| Revenue bonds payable | - | - | - | 6,782,000 |
| Recovery zone economic development bonds payable | - | - | - | 255,000 |
| QZAB bonds payable | - | - | - | 2,000,000 |
| Capital leases payable | 2,396,077 | - | 2,396,077 | - |
| Customer deposits | - | 4,074,000 | 4,074,000 | - |
| Total Current Liabilities | <u>5,535,659</u> | <u>27,929,426</u> | <u>33,465,085</u> | <u>16,142,069</u> |
| | | | | (continued) |
| Long-Term Liabilities | | | | |
| Compensated absences payable (less current portion) | 2,781,122 | 72,540 | 2,853,662 | - |
| Unearned revenue-TVA right of use | - | 67,000 | 67,000 | - |
| Asset retirement obligations | - | 64,695,000 | 64,695,000 | - |
| Notes payable (less current portion) | 53,000 | - | 53,000 | - |
| Revenue bonds payable (less current portion) | - | 74,953,000 | 74,953,000 | 6,870,000 |
| Recovery zone bonds payable (less current portion) | - | - | - | 3,705,000 |
| Capital leases payable (less current portion) | 5,874,856 | - | 5,874,856 | - |
| Net pension liability | 11,875,635 | 15,291,141 | 27,166,776 | - |
| Net OPEB obligation | 2,140,199 | 2,819,801 | 4,960,000 | - |
| Total Long-Term Liabilities | <u>22,724,812</u> | <u>157,898,482</u> | <u>180,623,294</u> | <u>10,575,000</u> |
| Total Liabilities | <u>28,260,471</u> | <u>185,827,908</u> | <u>214,088,379</u> | <u>26,717,069</u> |
| Deferred Inflows of Resources | <u>2,332,093</u> | <u>8,420,523</u> | <u>10,752,616</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 81,410,981 | 658,650,654 | 740,061,635 | - |
| Restricted for: | | | | |
| Debt service | 10 | 74,980,000 | 74,980,010 | - |
| Capital projects | 6,275,719 | 67,134,000 | 73,409,719 | - |
| Economic development | 66,553 | - | 66,553 | - |
| Public safety | 128,041 | - | 128,041 | - |
| Development | 475,719 | - | 475,719 | - |
| Public works | 104,974 | - | 104,974 | - |
| Culture and recreation | 10,000 | - | 10,000 | - |
| Nuclear decommissioning | - | 67,372,000 | 67,372,000 | - |
| Pension | - | 4,679,000 | 4,679,000 | - |
| Unrestricted | 6,339,511 | 43,196,520 | 49,536,031 | - |
| Total Net Position | <u>\$ 94,811,508</u> | <u>\$ 916,012,174</u> | <u>\$ 1,010,823,682</u> | <u>\$ -</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 125,404,072</u> | <u>\$ 1,110,260,605</u> | <u>\$ 1,235,664,677</u> | <u>\$ 26,717,069</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2017

| Function/Program | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Building Authority |
|---|-----------------------|--------------------------------|--|----------------------------------|---|--------------------------|-------------------------|-----------------------------------|
| | | Charges for Services and Sales | Operating Grants, Contributions, and Transfers | Capital Grants and Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business-Type Activities | | |
| Primary Government | | | | | | | | |
| General government | \$ 2,574,600 | \$ 988,534 | \$ 214,882 | \$ 1,209,852 | \$ (161,332) | \$ - | \$ (161,332) | \$ - |
| Judicial | 424,203 | 743,691 | - | - | 319,488 | - | 319,488 | - |
| Public safety | 16,145,618 | 650,221 | 36,203 | 1,037,166 | (14,422,028) | - | (14,422,028) | - |
| Public works | 9,403,531 | 231,156 | 1,589,746 | 4,961,621 | (2,621,008) | - | (2,621,008) | - |
| Health and welfare | 419,892 | 51,076 | 203,408 | - | (165,408) | - | (165,408) | - |
| Culture and recreation | 5,627,651 | 405,590 | - | 2,892,168 | (2,329,893) | - | (2,329,893) | - |
| Housing and development | 121,645 | - | 48,712 | - | (72,933) | - | (72,933) | - |
| Interest on long-term debt | 324,325 | - | - | - | (324,325) | - | (324,325) | - |
| Total Governmental Activities | 35,041,465 | 3,070,268 | 2,092,951 | 10,100,807 | (19,777,439) | - | (19,777,439) | - |
| Business-Type Activities: | | | | | | | | |
| WLSF: | | | | | | | | |
| Electric system | 95,303,240 | 119,178,000 | - | - | - | 23,874,760 | 23,874,760 | - |
| Gas system | 25,731,143 | 28,176,000 | - | - | - | 2,444,857 | 2,444,857 | - |
| Water system | 18,128,394 | 20,128,000 | - | - | - | 1,999,606 | 1,999,606 | - |
| Wastewater system | 19,269,419 | 22,306,000 | - | - | - | 3,036,581 | 3,036,581 | - |
| Information technology system | 16,522,358 | 21,401,000 | - | - | - | 4,878,642 | 4,878,642 | - |
| Landfill | (651,831) | - | - | - | - | 651,831 | 651,831 | - |
| Trade Center | 515,534 | - | - | - | - | (515,534) | (515,534) | - |
| Municipal golf course | 898,210 | 820,183 | - | - | - | (78,027) | (78,027) | - |
| Municipal airport | 853,995 | 468,152 | - | - | - | (385,843) | (385,843) | - |
| Total Business-Type Activities | 176,570,462 | 212,477,335 | - | - | - | 35,906,873 | 35,906,873 | - |
| Total - Primary Government | \$ 211,611,927 | \$ 215,547,603 | \$ 2,092,951 | \$ 10,100,807 | (19,777,439) | 35,906,873 | 16,129,434 | - |
| General Revenues | | | | | | | | |
| Property taxes levied for: | | | | | | | | |
| General purposes | | | | | 8,552,650 | - | 8,552,650 | - |
| Selective taxes | | | | | 10,149,190 | - | 10,149,190 | - |
| Hotel motel taxes | | | | | 1,501,172 | - | 1,501,172 | - |
| Investment earnings | | | | | 299,310 | 1,371,485 | 1,670,795 | - |
| Donations - unrestricted | | | | | 261,115 | - | 261,115 | - |
| Miscellaneous | | | | | 497,349 | 591,000 | 1,088,349 | - |
| Total General Revenues | | | | | 21,260,786 | 1,962,485 | 23,223,271 | - |
| Transfers | | | | | 6,737,695 | (6,737,695) | - | - |
| Total General Revenues and Transfers | | | | | 27,998,481 | (4,775,210) | 23,223,271 | - |
| Change in Net Position | | | | | 8,221,042 | 31,131,663 | 39,352,705 | - |
| Net Position Beginning of Year | | | | | 86,590,466 | 884,880,511 | 971,470,977 | - |
| Net Position End of Year | | | | | \$ 94,811,508 | \$ 916,012,174 | \$ 1,010,823,682 | \$ - |

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2017

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|---|
| Assets | | | |
| Cash and cash equivalents | \$ 15,613,845 | \$ 5,488,333 | \$ 21,102,178 |
| Investments | 6,618,081 | - | 6,618,081 |
| Receivables: | | | |
| Accounts | 1,181,399 | 102,311 | 1,283,710 |
| Taxes | 1,029,368 | 110 | 1,029,478 |
| Intergovernmental - federal | 2,168 | 8,146 | 10,314 |
| Intergovernmental - state | 723 | - | 723 |
| Intergovernmental - local | 314,208 | 2,595,684 | 2,909,892 |
| Interfund | 813,195 | 20,670 | 833,865 |
| Inventory | 170,031 | - | 170,031 |
| Prepaid items | 1,649 | 40 | 1,689 |
| Total Assets | <u>\$ 25,744,667</u> | <u>\$ 8,215,294</u> | <u>\$ 33,959,961</u> |
| Liabilities | | | |
| Accounts payable | \$ 654,621 | \$ 810,667 | \$ 1,465,288 |
| Accrued expenditures | 604,719 | - | 604,719 |
| Accrued interest payable | - | 115,043 | 115,043 |
| Unearned revenue | 144,385 | 48,353 | 192,738 |
| Interfund payable | - | 770,788 | 770,788 |
| Total Liabilities | <u>1,403,725</u> | <u>1,744,851</u> | <u>3,148,576</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - property taxes | <u>490,460</u> | <u>78</u> | <u>490,538</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Inventory | 170,031 | - | 170,031 |
| Prepaid items | 1,649 | 40 | 1,689 |
| Restricted: | | | |
| Economic development (tax allocation districts) | - | 66,553 | 66,553 |
| Public safety (police expenditures) | - | 128,041 | 128,041 |
| Housing and development (grant expenditures) | - | 2 | 2 |
| Debt service (debt service expenditures) | - | 10 | 10 |
| Capital projects (SPLOST 2015 projects) | - | 6,275,719 | 6,275,719 |
| Public works (cemetery chapel and streetscape) | 104,974 | - | 104,974 |
| Culture and recreation (greenway project) | 10,000 | - | 10,000 |
| Unassigned | 23,563,828 | - | 23,563,828 |
| Total Fund Balances | <u>23,850,482</u> | <u>6,470,365</u> | <u>30,320,847</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 25,744,667</u> | <u>\$ 8,215,294</u> | <u>\$ 33,959,961</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2017

| | | |
|--|----------------------|----------------------|
| Total Governmental Fund Balances | | \$ 30,320,847 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities: | | |
| Cost | 231,946,975 | |
| Less accumulated depreciation | <u>(142,159,061)</u> | 89,787,914 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | |
| | | 490,538 |
| Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position: | | |
| Interfund receivables | (770,788) | |
| Interfund payables | <u>770,788</u> | - |
| Liabilities, including notes, bonds, capital leases, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in governmental funds but are reported on the statement of net position: | | |
| Notes payable | (106,000) | |
| Capital leases payable | (8,270,933) | |
| Compensated absences | (4,281,122) | |
| Net pension liability | <u>(11,875,635)</u> | (24,533,690) |
| The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The equity interest in the JDA is shown on the government-wide statement of net position but is reported on the fund balance sheet only to the extent the investment is evidenced by current financial resources, such as amounts due to and from the entity: | | |
| City's portion of equity investment | | 475,717 |
| The internal service funds are used by management to charge the costs of self-insurance. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position. | | |
| | | 159,321 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds: | | |
| Deferred outflows related to pensions | 1,233,561 | |
| Deferred inflows related to pensions | <u>(2,332,093)</u> | (1,098,532) |
| The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net OPEB obligation. | | |
| | | (2,140,199) |
| The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund receivable for governmental activities. | | |
| | | <u>1,349,592</u> |
| Net Position of Governmental Activities | | <u>\$ 94,811,508</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|---|---|
| Revenues | | | |
| Taxes | \$ 18,967,428 | \$ 1,505,753 | \$ 20,473,181 |
| Licenses and permits | 988,534 | - | 988,534 |
| Intergovernmental - federal | 32,685 | 511,995 | 544,680 |
| Intergovernmental - state | 4,136 | 1,158,528 | 1,162,664 |
| Intergovernmental - local | 255,638 | 10,230,776 | 10,486,414 |
| Charges for services | 1,413,867 | - | 1,413,867 |
| Fines and forfeitures | 371,666 | 83,181 | 454,847 |
| Investment earnings | 126,773 | 169,143 | 295,916 |
| Miscellaneous | 937,334 | 38,180 | 975,514 |
| Total Revenues | <u>23,098,061</u> | <u>13,697,556</u> | <u>36,795,617</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 2,132,448 | 89,563 | 2,222,011 |
| Judicial | 436,770 | - | 436,770 |
| Public safety | 16,264,247 | 91,884 | 16,356,131 |
| Public works | 6,992,412 | 1,234,390 | 8,226,802 |
| Health and welfare | 386,579 | 26,408 | 412,987 |
| Culture and recreation | 3,493,570 | 620,914 | 4,114,484 |
| Housing and development | 351,590 | - | 351,590 |
| Capital Outlay: | | | |
| General government | - | 1,995,218 | 1,995,218 |
| Public safety | 19,995 | 401,044 | 421,039 |
| Public works | 18,100 | 4,986,251 | 5,004,351 |
| Culture and recreation | - | 3,159,012 | 3,159,012 |
| Debt Service: | | | |
| Principal retirement | - | 2,650,290 | 2,650,290 |
| Interest and fiscal charges | - | 324,325 | 324,325 |
| Total Expenditures | <u>30,095,711</u> | <u>15,579,299</u> | <u>45,675,010</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(6,997,650)</u> | <u>(1,881,743)</u> | <u>(8,879,393)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 10,714,483 | 1,127,867 | 11,842,350 |
| Transfers out | (1,127,867) | (980,483) | (2,108,350) |
| Total Other Financing Sources (Uses) | <u>9,586,616</u> | <u>147,384</u> | <u>9,734,000</u> |
| Net Change in Fund Balances | 2,588,966 | (1,734,359) | 854,607 |
| Fund Balances Beginning of Year | <u>21,261,516</u> | <u>8,204,724</u> | <u>29,466,240</u> |
| Fund Balances End of Year | <u>\$ 23,850,482</u> | <u>\$ 6,470,365</u> | <u>\$ 30,320,847</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

| | | |
|--|-------------------|---------------------|
| Net Changes in Fund Balances - Total Governmental Funds | | \$ 854,607 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period: | | |
| Depreciation expense | (4,546,915) | |
| Capital outlay | <u>10,579,620</u> | 6,032,705 |
| Write off of capital assets are not reported at the fund level. | | (1,955) |
| Transfers of capital assets to the airport enterprise fund are not reported at the fund level. | | (2,996,305) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | (270,169) |
| Elimination of transfers between governmental funds: | | |
| Transfers in | (1,480,350) | |
| Transfers out | <u>1,480,350</u> | - |
| Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Repayment of capital leases | 2,597,290 | |
| Repayment of notes payable | <u>53,000</u> | 2,650,290 |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. These items include: | | |
| Net change in accrued compensated absences liability | (51,171) | |
| Pension contributions in excess of pension expense | <u>1,799,839</u> | 1,748,668 |
| The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities: | | |
| City's current year payments to the JDA reported in the funds | 157,750 | |
| City's portion of the government-wide JDA current year net income | <u>72,195</u> | 229,945 |
| The internal service funds used by management to charge the costs of the operation and maintenance of the health and workers compensation insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. | | <u>(26,744)</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 8,221,042</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|-------------------------|----------------------|-------------------|
| Revenues | | | | |
| Taxes | \$ 17,847,355 | \$ 18,890,605 | \$ 18,967,428 | \$ 76,823 |
| Licenses and permits | 969,000 | 969,300 | 988,534 | 19,234 |
| Intergovernmental - federal | 7,300 | 32,000 | 32,685 | 685 |
| Intergovernmental - state | 354,700 | 4,000 | 4,136 | 136 |
| Intergovernmental - local | 262,700 | 255,700 | 255,638 | (62) |
| Charges for services | 1,372,400 | 1,363,500 | 1,413,867 | 50,367 |
| Fines and forfeitures | 380,000 | 371,600 | 371,666 | 66 |
| Investment earnings | 90,050 | 125,250 | 126,773 | 1,523 |
| Miscellaneous | 1,035,400 | 891,390 | 937,334 | 45,944 |
| Total Revenues | <u>22,318,905</u> | <u>22,903,345</u> | <u>23,098,061</u> | <u>194,716</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 2,420,860 | 2,221,860 | 2,132,448 | 89,412 |
| Judicial | 476,780 | 451,780 | 436,770 | 15,010 |
| Public safety | 16,746,725 | 16,414,765 | 16,264,247 | 150,518 |
| Public works | 7,711,360 | 7,049,510 | 6,992,412 | 57,098 |
| Health and welfare | 594,950 | 397,630 | 386,579 | 11,051 |
| Culture and recreation | 3,598,270 | 3,557,080 | 3,493,570 | 78,010 |
| Housing and development | 307,500 | 351,600 | 351,590 | 10 |
| Total Current | <u>31,856,445</u> | <u>30,444,225</u> | <u>30,057,616</u> | <u>401,109</u> |
| Capital Outlay | | | | |
| General government | 10,265 | 10,315 | - | 10,315 |
| Public safety | 37,000 | 20,045 | 19,995 | 50 |
| Public works | 11,000 | 18,100 | 18,100 | - |
| Health and welfare | 20,000 | 1,175 | - | 1,175 |
| Culture and recreation | 30,000 | 14,500 | - | - |
| Total Capital Outlay | <u>108,265</u> | <u>64,135</u> | <u>38,095</u> | <u>11,540</u> |
| Total Expenditures | <u>31,964,710</u> | <u>30,508,360</u> | <u>30,095,711</u> | <u>412,649</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(9,645,805)</u> | <u>(7,605,015)</u> | <u>(6,997,650)</u> | <u>607,365</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 10,375,000 | 10,714,500 | 10,714,483 | (17) |
| Transfers out | (729,195) | (1,137,540) | (1,127,867) | 9,673 |
| Total Other Financing Sources (Uses) | <u>9,645,805</u> | <u>9,576,960</u> | <u>9,586,616</u> | <u>9,656</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ 1,971,945</u> | 2,588,966 | <u>\$ 617,021</u> |
| Fund Balances Beginning of Year | | | 21,261,516 | |
| Fund Balances End of Year | | | <u>\$ 23,850,482</u> | |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|---|---|--|-------------------------|---|
| | Water, Light and Sinking Fund Commission | Other Proprietary Funds | Total Funds | |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 7,180,000 | \$ 352,335 | \$ 7,532,335 | \$ 780,784 |
| Short-term investments | 251,000 | - | 251,000 | - |
| Accounts receivable, net | 14,969,000 | 4,340 | 14,973,340 | - |
| Unbilled revenues | 7,722,000 | - | 7,722,000 | - |
| Interest receivable | 230,000 | - | 230,000 | - |
| Fuel stocks | 2,915,000 | - | 2,915,000 | - |
| Inventory | 17,307,000 | 57,751 | 17,364,751 | - |
| Deposits and prepaid items | 719,000 | - | 719,000 | - |
| Restricted customer deposit fund | 2,946,000 | - | 2,946,000 | - |
| Total Current Assets | <u>54,239,000</u> | <u>414,426</u> | <u>54,653,426</u> | <u>780,784</u> |
| Noncurrent Assets: | | | | |
| Land | - | 4,525,529 | 4,525,529 | - |
| Construction in progress | 108,866,000 | - | 108,866,000 | - |
| Nuclear fuel, at amortized cost | 19,954,000 | - | 19,954,000 | - |
| Depreciable capital assets, net | 649,067,000 | 6,016,125 | 655,083,125 | - |
| Restricted combined renewals/extensions fund | 67,134,000 | - | 67,134,000 | - |
| Restricted combined utilities construction fund | 75,643,000 | - | 75,643,000 | - |
| Restricted nuclear decommissioning fund | 66,709,000 | - | 66,709,000 | - |
| Regulatory assets, net | 36,828,000 | - | 36,828,000 | - |
| Investment in joint ventures | - | 19,342,231 | 19,342,231 | - |
| Total Noncurrent Assets | <u>1,024,201,000</u> | <u>29,883,885</u> | <u>1,054,084,885</u> | <u>-</u> |
| Total Assets | <u>1,078,440,000</u> | <u>30,298,311</u> | <u>1,108,738,311</u> | <u>780,784</u> |
| Deferred Outflows of Resources | <u>1,499,000</u> | <u>23,294</u> | <u>1,522,294</u> | <u>-</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,079,939,000</u> | <u>\$ 30,321,605</u> | <u>\$ 1,110,260,605</u> | <u>\$ 780,784</u> |

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|--|---|--|-------------------------|---|
| | Water, Light and Sinking Fund Commission | Other Proprietary Funds | Total Funds | |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 22,359,000 | \$ 23,821 | \$ 22,382,821 | \$ 547 |
| Unearned revenue | - | 19,936 | 19,936 | - |
| Interfund payable | - | 63,077 | 63,077 | - |
| Claims payable | - | - | - | 620,916 |
| Compensated absences payable | - | 40,000 | 40,000 | - |
| Customer deposits | 4,074,000 | - | 4,074,000 | - |
| Total Current Liabilities | <u>26,433,000</u> | <u>146,834</u> | <u>26,579,834</u> | <u>621,463</u> |
| Long-Term Liabilities: | | | | |
| Compensated absences (net of current portion) | - | 72,540 | 72,540 | - |
| Unearned revenue - TVA right of use | 67,000 | - | 67,000 | - |
| Revenue bonds payable (net of current portion) | 74,953,000 | - | 74,953,000 | - |
| Net pension liability | 15,064,000 | 227,141 | 15,291,141 | - |
| Asset retirement obligations | 64,695,000 | - | 64,695,000 | - |
| Total Long-Term Liabilities | <u>154,779,000</u> | <u>299,681</u> | <u>155,078,681</u> | <u>-</u> |
| Total Liabilities | <u>181,212,000</u> | <u>446,515</u> | <u>181,658,515</u> | <u>621,463</u> |
| Deferred Inflows of Resources | <u>8,369,000</u> | <u>51,523</u> | <u>8,420,523</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 648,109,000 | 10,541,654 | 658,650,654 | - |
| Restricted for: | | | | |
| Capital projects | 67,134,000 | - | 67,134,000 | - |
| Nuclear decommissioning | 67,372,000 | - | 67,372,000 | - |
| Pension | 4,679,000 | - | 4,679,000 | - |
| Unrestricted | 28,084,000 | 19,281,913 | 47,365,913 | 159,321 |
| Total Net Position | <u>890,358,000</u> | <u>29,823,567</u> | <u>920,181,567</u> | <u>159,321</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 1,079,939,000</u> | <u>\$ 30,321,605</u> | <u>\$ 1,110,260,605</u> | <u>\$ 780,784</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Net Position of Proprietary Funds
to the Statement of Net Position
December 31, 2017

Total Statement of Net Position - Proprietary Funds Net Position \$ 920,181,567

**Amounts reported for Business-Type Activities in the
Statement of Net Position are different because:**

The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability attributable to business-type activities for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the business-type activities in the statement of net position as net OPEB obligation. (2,819,801)

The business-type activities of the City also benefit from the use of the workers' compensation internal service fund. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund payable for business-type activities. (1,349,592)

Net Position of Business-Type Activities \$ 916,012,174

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | | | Governmental Activities - Internal Service Funds |
|--|---|--|-----------------------|---|
| | Water, Light and Sinking Fund Commission | Other Proprietary Funds | Total | |
| Operating Revenues | | | | |
| Charges for services | \$ 211,189,000 | \$ 1,051,678 | \$ 212,240,678 | \$ 708,000 |
| Merchandise sales | - | 89,238 | 89,238 | - |
| Tournaments | - | 87,420 | 87,420 | - |
| Concessions | - | 56,881 | 56,881 | - |
| Miscellaneous | - | 3,118 | 3,118 | - |
| Total Operating Revenues | <u>211,189,000</u> | <u>1,288,335</u> | <u>212,477,335</u> | <u>708,000</u> |
| Operating Expenses | | | | |
| Cost of sales and services | 129,038,000 | 677,213 | 129,715,213 | 274,439 |
| Personal services and benefits | 22,698,000 | 571,813 | 23,269,813 | - |
| Depreciation | 23,217,000 | 503,179 | 23,720,179 | - |
| Claims | - | - | - | 465,253 |
| Total Operating Expenses | <u>174,953,000</u> | <u>1,752,205</u> | <u>176,705,205</u> | <u>739,692</u> |
| Operating Income (Loss) | <u>36,236,000</u> | <u>(463,870)</u> | <u>35,772,130</u> | <u>(31,692)</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Interest income | 1,210,000 | 1,485 | 1,211,485 | 3,394 |
| Net increase (decrease) in fair value of investments | 160,000 | - | 160,000 | - |
| Miscellaneous income | 591,000 | - | 591,000 | - |
| Income (loss) from joint ventures | - | 136,297 | 136,297 | - |
| Total Non-Operating Revenues (Expenses) | <u>1,961,000</u> | <u>137,782</u> | <u>2,098,782</u> | <u>3,394</u> |
| Income Before Contributions and Transfers | 38,197,000 | (326,088) | 37,870,912 | (28,298) |
| Transfers in (out) | <u>(10,362,000)</u> | <u>3,624,305</u> | <u>(6,737,695)</u> | <u>-</u> |
| Change in Net Position | 27,835,000 | 3,298,217 | 31,133,217 | (28,298) |
| Net Position Beginning of Year | <u>862,523,000</u> | <u>26,525,350</u> | <u>889,048,350</u> | <u>187,619</u> |
| Net Position End of Year | <u>\$ 890,358,000</u> | <u>\$ 29,823,567</u> | <u>\$ 920,181,567</u> | <u>\$ 159,321</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenses, and Changes
in Fund Net Position of Proprietary Funds to the Statement of Activities
For the Year Ended December 31, 2017

Changes in Fund Net Position - Total Business-Type Activities \$ 31,133,217

**Amounts reported for Business-Type Activities in the
Statement of Activities are different because:**

The internal service funds are used by management to charge the costs of the operation and maintenance of the workers compensation self insurance fund to individual funds. In the statement of activities, the portion of the internal service fund losses as a result of business-type activities is allocated to each business-type activity.

(1,554)

Change in Net Position of Business-Type Activities \$ 31,131,663

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|---|-------------------------------|----------------------|---|
| | Water, Light and Sinking Fund Commission | Other Proprietary Funds | Total | |
| Increase (Decrease) in Cash and Cash Equivalents | | | | |
| Cash Flows from Operating Activities | | | | |
| Cash received from customers | \$ 209,967,000 | \$ 1,290,525 | \$ 211,257,525 | \$ - |
| Cash received from overparity in transmission facilities | 2,812,000 | - | 2,812,000 | - |
| Cash received from interfund services provided | - | - | - | 708,000 |
| Cash payments for personnel services | (23,705,000) | (603,577) | (24,308,577) | - |
| Cash payments for goods, services, claims, and fees | <u>(125,440,000)</u> | <u>(603,900)</u> | <u>(126,043,900)</u> | <u>(813,728)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>63,634,000</u> | <u>83,048</u> | <u>63,717,048</u> | <u>(105,728)</u> |
| Cash Flows from Investing Activities | | | | |
| Interest on investments | 1,130,000 | 1,485 | 1,131,485 | 3,394 |
| Cash restricted for future purchases of investment securities | (47,063,000) | - | (47,063,000) | - |
| Sales and maturity of investment securities | 28,649,000 | - | 28,649,000 | - |
| Purchases of investment securities | <u>(96,293,000)</u> | <u>-</u> | <u>(96,293,000)</u> | <u>-</u> |
| Net Cash Provided by (Used in) Investing Activities | <u>(113,577,000)</u> | <u>1,485</u> | <u>(113,575,515)</u> | <u>3,394</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers out | <u>(10,362,000)</u> | <u>-</u> | <u>(10,362,000)</u> | <u>-</u> |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>(10,362,000)</u> | <u>-</u> | <u>(10,362,000)</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Payments on interfund loans | - | (128,503) | (128,503) | - |
| Proceeds from revenue bond offering | 74,980,000 | - | 74,980,000 | - |
| Proceeds pursuant to the Toshiba Settlement Agreement | 59,276,000 | - | 59,276,000 | - |
| Acquisition of capital assets | <u>(75,329,000)</u> | <u>(19,816)</u> | <u>(75,348,816)</u> | <u>-</u> |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>58,927,000</u> | <u>(148,319)</u> | <u>58,778,681</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,378,000) | (63,786) | (1,441,786) | (102,334) |
| Cash and Cash Equivalents Beginning of Year | <u>8,558,000</u> | <u>416,121</u> | <u>8,974,121</u> | <u>883,118</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 7,180,000</u> | <u>\$ 352,335</u> | <u>\$ 7,532,335</u> | <u>\$ 780,784</u> |

(Continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|---|---|-------------------------------|----------------------|---|
| | Water, Light and Sinking Fund Commission | Other Proprietary Funds | Total | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Operating Income (Loss) | \$ 36,236,000 | \$ (463,870) | \$ 35,772,130 | \$ (31,692) |
| Adjustments: | | | | |
| Depreciation | 23,217,000 | 503,179 | 23,720,179 | - |
| Amortization | 4,845,000 | - | 4,845,000 | - |
| Pension contributions in excess of payments | (2,036,000) | (41,255) | (2,077,255) | - |
| (Increase) Decrease in Assets: | | | | |
| Accounts receivable | 1,590,000 | (3,285) | 1,586,715 | - |
| Interfund receivable | - | 86,759 | 86,759 | - |
| Fuel stocks | 79,000 | - | 79,000 | - |
| Inventory | (2,159,000) | (5,214) | (2,164,214) | - |
| Increase (Decrease) in Liabilities: | | | | |
| Accounts payable | 575,000 | (8,232) | 566,768 | (17,671) |
| Accrued expenses | - | (506) | (506) | - |
| Unearned revenue | - | 5,475 | 5,475 | - |
| Other | 1,287,000 | 9,997 | 1,296,997 | - |
| Claims payable | - | - | - | (56,365) |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 63,634,000</u> | <u>\$ 83,048</u> | <u>\$ 63,717,048</u> | <u>\$ (105,728)</u> |
| Noncash Investing, Capital, and Financing Activities | | | | |
| Net increase (decrease) in fair value of investments | <u>\$ 160,000</u> | <u>\$ -</u> | <u>\$ 160,000</u> | <u>\$ -</u> |
| Accrued property additions at year end | <u>\$ 1,084,000</u> | <u>\$ -</u> | <u>\$ 1,084,000</u> | <u>\$ -</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2017

| | <u>Pension Trust Fund</u> | <u>OPEB Trust Fund</u> | <u>Municipal Court Agency Fund</u> |
|---|-------------------------------|------------------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ 911,496 | \$ - | \$ 49,333 |
| Investments, at fair value: | | | |
| Georgia Municipal Employees Benefit System OPEB Trust Account | - | 4,152,814 | - |
| MetLife Equity Index Fund | 25,137,255 | - | - |
| MetLife Core Bond Index Fund | 32,201,701 | - | - |
| MetLife Goldman Sachs Fund | 10,499,182 | - | - |
| Vanguard Institutional Index Fund | 23,826,984 | - | - |
| Vanguard Small Cap Index Fund | 11,715,771 | - | - |
| Contributions receivable | 163,739 | - | - |
| Total Assets | <u>\$ 104,456,128</u> | <u>\$ 4,152,814</u> | <u>\$ 49,333</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 2,855 | \$ 138,010 | \$ 13,785 |
| Other liabilities | - | - | 35,548 |
| Total Liabilities | <u>2,855</u> | <u>138,010</u> | <u>49,333</u> |
| Net Position | | | |
| Restricted for pension and other post employment benefits | <u>104,453,273</u> | <u>4,014,804</u> | <u>-</u> |
| Total Liabilities and Net Position | <u>\$ 104,456,128</u> | <u>\$ 4,152,814</u> | <u>\$ 49,333</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2017

| | Pension Trust Fund | OPEB Trust Fund |
|--|-------------------------------|------------------------|
| Additions | | |
| Contributions: | | |
| Employer | \$ 7,225,029 | \$ - |
| Plan members | <u>727,343</u> | <u>181,832</u> |
| Total contributions | <u>7,952,372</u> | <u>181,832</u> |
| Investment income: | | |
| Interest and dividends | 2,158,505 | 77,417 |
| Net increase (decrease) in fair value of investments | <u>9,584,791</u> | <u>592,938</u> |
| Total investment income | 11,743,296 | 670,355 |
| Less: investment expense | <u>186,083</u> | <u>12,450</u> |
| Net investment earnings | <u>11,557,213</u> | <u>657,905</u> |
| Total Additions (Reductions) | <u>19,509,585</u> | <u>839,737</u> |
| Deductions | | |
| Administrative expenses | 57,739 | 5,833 |
| Premium payments | - | 729,715 |
| Benefit payments | <u>7,133,475</u> | <u>-</u> |
| Total Deductions | <u>7,191,214</u> | <u>735,548</u> |
| Change in Net Position | 12,318,371 | 104,189 |
| Net Position Beginning of Year | <u>92,134,902</u> | <u>3,910,615</u> |
| Net Position End of Year | <u>\$ 104,453,273</u> | <u>\$ 4,014,804</u> |

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

Index

| | |
|--|----------|
| Summary of Significant Accounting Policies | 1 |
| Reporting Entity | 1-A |
| Basis of Presentation | 1-B |
| Measurement Focus | 1-C |
| Basis of Accounting | 1-D |
| Assets, Liabilities, and Fund Equity | 1-E |
| Cash, Cash Equivalents, and Investments | 1-E-1 |
| Receivables | 1-E-2 |
| Interfund Balances | 1-E-3 |
| Consumable Inventories | 1-E-4 |
| Prepaid Items | 1-E-5 |
| Restricted Assets | 1-E-6 |
| Capital Assets | 1-E-7 |
| Parity Income | 1-E-8 |
| Compensated Absences | 1-E-9 |
| Accrued Liabilities and Long-term Obligations | 1-E-10 |
| Unearned Revenue | 1-E-11 |
| Bond Premiums, Discounts, and Issuance Costs | 1-E-12 |
| Net Position and Fund Balances | 1-E-13 |
| Deferred Outflows/Inflows of Resources | 1-E-14 |
| Operating and Non-Operating Revenues and Expenses | 1-E-15 |
| Interfund Activity | 1-E-16 |
| Estimates | 1-E-17 |
| Major Customers | 1-E-18 |
| Comparative Data | 1-E-19 |
| Reclassifications | I-F |
| Stewardship, Compliance, and Accountability | 2 |
| Budgetary Information | 2-A |
| Detailed Notes on All Funds | 3 |
| Investments | 3-A |
| Receivables | 3-B |
| Property Taxes | 3-C |
| Regulatory Assets and Liabilities | 3-D |
| Capital Assets | 3-E |
| Interfund Balances and Transfers | 3-F |
| Compensated Absences | 3-G |
| Operating Leases | 3-H |
| Long-Term Debt | 3-I |
| Pensions | 3-J |
| Other Post Employment Benefits | 3-K |
| Defined Contribution Plan | 3-L |
| Net Position | 3-M |
| Inter-utility Sales | 3-N |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

Index

| | |
|--|-----|
| Other Notes | 4 |
| Hotel Motel Lodging Tax..... | 4-A |
| Risk Management | 4-B |
| Commitments and Contingent Liabilities | 4-C |
| Joint Ventures..... | 4-D |
| Component Unit | 4-E |
| Debt Contingency | 4-F |
| Tax Abatements..... | 4-G |
| Georgia DCA Grant | 4-H |
| Subsequent Events – Debt Issuances | 4-I |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

The City of Dalton, Georgia ("City") operates under a council-administration form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, general administrative services, and public utilities.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. The most significant of the City's accounting policies are described below.

1-A Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. This entity includes the legal entity, the City of Dalton, Georgia.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs of services performed or provided by the organizations, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes, or issues their debt.

The City of Dalton Building Authority ("Building Authority") is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City appoints the members of the five person board and all debt issuances must first be approved by the City Council. Financial information of the Building Authority can be obtained from the City of Dalton Finance Department. Separate financial statements for the Building Authority are not prepared.

Related party organizations - The Dalton Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of six members appointed by City Council; however the City is not financially accountable (impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Dalton Development Authority ("DDDA") is a related organization which has not been included in the reporting entity. The Authority provides centralized leadership for communication on downtown issues. The DDDA was created by constitutional ratification by the 1980 general election. The City of Dalton does not appoint a simple majority of the DDDA's governing board. One member of the City Council serves as liaison between the DDDA and the City. The remaining six DDDA board members are elected by the business and property owners in the downtown Dalton district, according to enabling legislation. The City is not able to impose its will on the DDDA. The DDDA's power to issue bonds, notes, or other obligations is not subject to approval by the City of Dalton. The Authority is not a component unit because it meets none of the three criteria for consideration as a component unit. The DDDA is different from many other downtown development authorities in Georgia. Several Georgia cities created downtown development authorities by local constitutional amendments approved by the Georgia General Assembly. In 1981, the General Assembly passed enabling legislation which provided for the establishment of downtown development authorities from that point forward, and some municipalities elected to surrender provisions of existing authorities and operate under the provisions of the new Code. However, the City of Dalton chose to retain the

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

provisions of its original act created by local constitutional amendment with enabling legislation.

1-A Reporting Entity (continued)

Joint ventures - The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority ("DWRSWMA"). The City has fifty percent equity in this entity. Separately issued financial statements of the DWRSWMA can be obtained from their administrative office: 4350 Gazaway Drive SE, Dalton, Georgia 30720.

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority ("Convention Center"). The Convention Center was formerly accounted for within the City as an enterprise fund. The Convention Center became a separate authority in 2003. The County and City retained their respective shares of their equity balances as of December 31, 2002. The City and County each now have fifty percent interest in the income or loss of this entity. Separately issued financial statements of the Convention Center can be obtained from their administrative office: 2211 Dug Gap Battle Road, Dalton, Georgia 30720.

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority ("JDA"), formerly known as the Dalton-Whitfield Economic Development Authority ("EDA"). The JDA was created during 2007 to replace and to serve the same purpose as the EDA. Both entities existed as of December 31, 2017, but shared a board and activity. The EDA will be dissolved in the near future and the JDA will continue to operate. The City has fifty percent equity in this entity. Separately issued financial statements of the JDA can be obtained from their administrative office: 100 S. Hamilton Street, Dalton, Georgia 30720.

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2017, the City paid \$34,077 in dues to the NWGRC. Membership in a NWGRC is required by the Official Code of Georgia Annotated ("OCGA") Section 50-8-39 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NWGRC. Separately issued financial statements may be obtained from the NWGRC, PO Box 1798, Rome, Georgia 30162.

1-B Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements - The government-wide financial statements include the statement of net position and the statement of activities. They include all funds of the reporting entity except for fiduciary funds. Individual funds are not displayed at this financial reporting level. These statements distinguish governmental activities, which are generally supported by City general revenues, from business-type activities, which are generally financed in whole or in part by charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the City's business-type activities. Direct expenses are those that are specifically associated with a function and therefore are clearly identifiable to that particular function. The City does allocate the indirect expenses of the internal service funds to the functions in the statement of activities.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-B Basis of Presentation (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which includes fees and other charges to users of the City's services, (2) operating grants and contributions which finance annual operating activities including restricted investment income, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. When identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue; for grants and contributions, the determining factor is to which functions the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

Governmental funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City's governmental funds include one major fund and fourteen nonmajor funds.

Major governmental fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor governmental funds – The City's nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include hotel motel tax, confiscated assets, community development block grant, community HOME investment program grant, airport improvement grant, transportation enhancement grant, tax allocation district #1, tax allocation district #3, and economic development. The capital projects funds include the SPLOST 2015 capital projects fund, the SPLOST 2015 bonded debt capital projects fund, the SPLOST 2007 capital projects fund, and the capital acquisition fund.

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City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-B Basis of Presentation (continued)

Proprietary funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's proprietary funds are classified as major and nonmajor enterprise funds and internal service funds.

Major enterprise fund – The Water, Light, and Sinking Fund Commission (“WLSF Commission”) is used to account for the operations of Dalton Utilities, a public utility providing electric, natural gas, water, wastewater, and information technology services to the City and to customers in Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

Nonmajor enterprise funds - Nonmajor enterprise funds include the municipal golf course, the municipal airport, the Northwest Georgia Trade and Convention Center Authority, and the Dalton-Whitfield Regional Solid Waste Management Authority.

Internal service fund – This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The internal service fund is for workers' compensation.

Fiduciary funds – Fiduciary funds are used to report assets that, by definition, are being held in a trustee or agency capacity for the benefit of others and are therefore not available to support City programs. Fiduciary fund reporting focuses on net position. The City has three fiduciary funds which include two trust funds and one agency fund. The fiduciary funds are not included in the government-wide financial statements.

Pension trust fund – The pension trust fund accounts for the activities of the Mayor and Council of the City of Dalton Employee's Pension Plan, which accumulates resources for pension benefit payments to qualified City employees.

Other post-employment benefit (“OPEB”) trust fund – The OPEB trust fund accounts for the activities of the City of Dalton Postretirement Plan, which accumulates resources for post-employment benefit payments to qualified City retirees.

Municipal court agency fund – The municipal court agency fund accounts for the activities of the municipal court. It holds the assets in a custodial nature, and remits them to the appropriate authority.

1-C Measurement Focus

Government-wide financial statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund financial statements - Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-C Measurement Focus (continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The pension and OPEB trust funds are accounted for on a flow of economic resources measurement focus. The statement of fiduciary net position presents the trust funds' assets, liabilities, and net position. The statement of changes in fiduciary net position reports additions and deductions to net position. Agency funds are not involved in the measurement of results of operations and therefore, measurement focus is not applicable to them.

1-D Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. The two trust funds and the municipal court agency fund use the accrual basis at the fund reporting level. Differences in the accrual basis and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - exchange transactions - Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year end.

Revenues - non-exchange transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return include grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, interest, and federal and state grants.

WLSF Commission - The WLSF Commission follows GAAP and governmental accounting and financial reporting standards issued by GASB and also conforms to the provisions of GASB accounting for the effects of rate regulation. In the event that a portion of the WLSF Commission's operations are no longer subject to the provisions of GASB's accounting for the effects of rate regulation as a result of a change in regulation or the effects of competition, the WLSF Commission would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates (Note 3-D). In addition, the WLSF Commission would be required to determine if any impairment of other assets, including capital assets, exists, and write down the assets, if impaired, to their fair value.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-D Basis of Accounting (continued)

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its capital asset accounts) and generally in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners for the water, wastewater, and information technology sectors (with the exception of its capital asset accounts).

Rates charged to customers are established solely by the WLSF Commission. Electric, natural gas, water, wastewater, and information technology customers are billed so that operating revenues and investment earnings shall be sufficient to meet operating and maintenance expenses, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses of the WLSF Commission.

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were \$7,722,000 for the year ended December 31, 2017.

In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are recorded on the statement of net position and recognized as revenues in the periods the services are provided. Unearned revenues included in accounts payable and accrued expenses were \$600,000 for the year ended December 31, 2017.

Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company ("SPC"), the wholesale power subsidiary of the Southern Company. In 2017, MW hours sold back to SPC totaled 29,939, with proceeds of \$900,000, which are presented as an offset to purchased energy expense.

Deferred/unearned revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (they are measurable but not available) rather than as revenue.

Grants and entitlements received (e.g., cash advances) before the eligibility requirements are met also are recorded as deferred revenue.

Deferred revenue is reclassified as "unearned revenue" on the government-wide statement of net position.

Expenses/expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E Assets, Liabilities, and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, non-negotiable certificates of deposit, and short-term investments with a maturity date within three months of the date acquired by the City. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are stated at fair value based on quoted market prices. The carrying amount is a reasonable estimate of fair value for such short-term investments. Restricted cash and cash equivalents refers to those funds limited by law, regulations, or WLSF Commission action as to their allowable disbursement. Unrestricted cash and cash equivalents refers to all other funds not meeting the requirements of restricted cash and cash equivalents.

Georgia law authorizes the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States government
- Obligations fully insured or guaranteed by the United States government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

The WLSF Commission's investment policy allows the following types of investments:

- Government obligations which are direct general obligations of the U.S. government or obligations that are unconditionally guaranteed by the U.S. government
- Obligations of the Federal Home Loan Bank that are senior debt obligations
- Repurchase agreements with a term of thirty days or less
- Certificates of deposit of national or state banks
- Securities or other interests in any no-load and open-end management-type investment company or investment trust registered under the Investment Company Act of 1940
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Any other investments to the extent and at the time permitted by then-applicable law for the investment of public funds

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for taxes uncollectible, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables and interfund payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-4 Consumable Inventories

The governmental and proprietary funds' inventories are stated at cost. Cost is determined on a first-in, first-out basis. Inventories of the governmental and proprietary funds are expensed when consumed.

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted-average cost method. No lower of cost or market adjustment was recorded as of December 31, 2017.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

The WLSF Commission has investments in the restricted funds and nuclear decommissioning fund. Restricted funds include the fund for customer deposits and other funds, which are segregated from the operating funds at the direction of the WLSF Commission. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. Investments in the restricted funds and the nuclear decommissioning fund are stated at fair market value.

1-E-7 Capital Assets

General capital assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

Capital assets, which include property, plant, equipment, and infrastructure assets, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City's infrastructure consists of roads, bridges, airport infrastructure, and water lines. During initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City estimated the historical cost for the initial reporting of these assets. The City maintains a capitalization threshold of five thousand dollars for machinery, equipment, furniture and fixtures, and works of art; a threshold of ten thousand dollars for land improvements, building improvements, and intangibles; and no threshold for land, buildings, infrastructure assets, vehicles, motorized equipment, computers and computer related equipment, and weapons and bullet proof vests. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value as of the date received. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized in enterprise funds is capitalized.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-7 Capital Assets (continued)

All reported capital assets are depreciated except for land, right-of-ways, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives | |
|------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| Land improvements | 10 - 45 years | 10 - 45 years |
| Buildings | 25 - 50 years | 25 - 50 years |
| Building improvements | 5 - 15 years | 5 - 25 years |
| Vehicles | 6 years | 6 years |
| Machinery | 5 - 12 years | 5 - 15 years |
| Equipment | 5 - 12 years | 5 - 40 years |
| Furniture and fixtures | 20 years | -- |
| Utility plant | -- | 5 - 60 years |
| Intangibles | 5 years | -- |
| Bridges and culverts | 40 - 50 years | -- |
| Streets | 20 - 50 years | -- |
| Mast arms | 20 - 50 years | -- |

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The City is obligated under certain capital leases, independently and through the City of Dalton Building Authority, a component unit, as disclosed in Note 3-I, as of December 31, 2017.

Participation in electric generation and transmission facilities - The WLSF Commission participates in ownership of electric generation and transmission facilities to meet the present and future service demands of its customers. They have entered into agreements with Georgia Power Company ("GPC"), acting as agent, Oglethorpe Power Corporation ("OPC"), and Municipal Electric Authority of Georgia ("MEAG") for the construction, purchase, ownership, operation, and maintenance of the following facilities:

| Electric Plant in Service | WLSF Ownership Percentage | Gross Investment Balance as of December 31, 2017 |
|---|---------------------------------|--|
| Plant Hatch, Nuclear Units 1 and 2 | 2.2% | \$ 69,232,000 |
| Plant Vogtle, Nuclear Units 1 and 2 | 1.6% | 106,122,000 |
| Plant Wansley, Coal-Fired Units 1 and 2 | 1.4% | 26,097,000 |
| Plant Scherer, Coal-Fired Units 1 and 2 | 1.4% | 38,843,000 |

In addition, the WLSF Commission is a joint owner of the new nuclear units under construction at Plant Vogtle ("Vogtle Units 3 and 4"), with an interest in those units of 1.6%. As of December 31, 2017, the WLSF Commissions' portion of total work in progress related to Vogtle Units 3 and 4 was \$108.9 million (net of the \$59.3 million received from Toshiba in 2017 under the Guarantee Settlement Agreement). See Note 4-C for additional information about the Vogtle nuclear development projects and the Guarantee Settlement Agreement.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-7 Capital Assets (continued)

The WLSF Commission's proportionate share of direct expenses for joint operation of the above plants is included in the corresponding operating expense captions in the accompanying statements of revenues, expenses, and changes in fund net position. The WLSF Commission is responsible for providing its own financing for its ownership in the above plants.

WLSF Commission utility plant - Utility plant constructed or purchased by the WLSF Commission is stated at cost, which includes material and labor costs and applicable overheads. Property received as a contribution is recorded at its estimated fair value on the date received. The costs of maintenance, repairs, and minor replacements of property are charged to expense. The costs of renewals and improvements are capitalized. Detailed property records are not maintained for assets other than automobiles and electric transmission plants in service acquired prior to 1998. Property descriptions and dollar amounts from individual invoices are maintained in the capital asset system for all post-1998 records. The cost of property retired or otherwise disposed of in the normal course of business is charged to accumulated depreciation at the time such property is removed from service.

The WLSF Commission defines capital assets as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed.

The cost of WLSF Commission property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled \$1,500,000 during 2017. The property retired or disposed of in the normal course of business approximates its original cost.

The WLSF Commission continues to amortize into income a deferred gain recognized on the sale of integrated transmission system ("ITS") assets in 2012. The gain, presented in the statement of net position in deferred inflows of resources, is being recognized to income ratably over the useful life of the ITS facilities (approximately 37 years) as an annual reduction to depreciation expense of \$200,000.

In accordance with GASB's accounting for the impairment of capital assets, the WLSF Commission periodically evaluates the carrying value of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The WLSF Commission is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the WLSF Commission will be reported at the lower of carrying value or fair value. There were no impairments during 2017.

Amortization of nuclear fuel - The cost of nuclear fuel, including a provision for the disposal of spent fuel, is amortized to fuel expense based on usage. Nuclear fuel amortization is included in production expense and totaled \$4,800,000 during 2017.

Depreciation and nuclear decommissioning - Depreciation of the major classes of utility plant is computed on additions when placed in service using rates computed under the composite straight-line method, which approximated 2.0% in 2017, and is based on the following remaining useful lives:

| | |
|-------------------------------|-------------|
| Electric system | 29-59 years |
| Natural gas system | 30-75 years |
| Water system | 40-70 years |
| Wastewater system | 40-50 years |
| Information technology system | 6-40 years |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-7 Capital Assets (continued)

Depreciation studies are conducted periodically to update the composite rates that are approved by the WLSF Commission Board. When property subject to composite rates is retired or otherwise disposed of in the normal course of business, its original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation. For other property dispositions, the applicable cost and accumulated depreciation are removed from the statement of net position accounts and a gain or loss is recognized.

The NRC requires all licensees operating commercial nuclear power reactors to establish a plan for providing, with reasonable assurance, funds for decommissioning. While the WLSF Commission does not operate the nuclear plants, its joint ownership requires it to bear its share of the related decommissioning costs. The WLSF Commission has an external trust fund to comply with the NRC's regulations. The NRC's minimum external funding requirements are based on a generic estimate of the cost to decommission the radioactive portions of a nuclear unit based on the size and type of reactor. The WLSF Commission has transferred and will continue to transfer sufficient funds to the external trust to ensure that, over time, the deposits and earnings of the trust will provide the minimum funding amounts prescribed by the NRC.

Site study cost is the estimate to decommission a specific facility as of the site study year. The estimated costs of decommissioning based on the most current study completed in 2015 for the WLSF Commissions' ownership interests in plants Hatch and Vogtle were as follows:

| | Plant Hatch | Plant Vogtle |
|-------------------------|------------------|------------------|
| Decommissioning periods | | |
| Beginning year | 2034 | 2047 |
| Completion year | 2075 | 2079 |
| Site study cost | \$ 1,800,300,000 | \$ 1,760,000,000 |
| WLSF's portion | 2.2% | 1.6% |
| | \$ 39,607,000 | \$ 28,160,000 |

The decommissioning cost estimates are based on prompt dismantlement and removal of the plants from service. The actual decommissioning costs may vary from the above estimates because of changes in the assumed dates of decommissioning, changes in NRC requirements, or changes in the assumptions used in making these estimates.

1-E-8 Parity Income

The WLSF Commission is required, under the Integrated Transmission System Agreement ("ITS Agreement") with GPC, Georgia Transmission Corporation, and MEAG, to maintain a specified level of investment (i.e., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia, which is in proportion to the WLSF Commission's use of such system. Parity will therefore fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2017, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-8 Parity Income (continued)

The WLSF Commission's total investment in ITS facilities at December 31, 2017 was \$107,000,000. In 2017, the WLSF Commission recognized \$200,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is \$5,583,000 at December 31, 2017. Parity income for the year ended December 31, 2017 totaled \$2,800,000.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

1-E-10 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-11 Unearned Revenue

WLSF Commission unearned revenue – Tennessee Valley Authority ("TVA") right of use - During 1999, the WLSF Commission granted a right of use over a portion of its ITS to TVA for \$1,000,000. The agreement has a term of twenty years. The WLSF Commission recorded the payment as unearned revenue and is recognizing the revenue from this agreement on a straight-line basis over the twenty-year period.

1-E-12 Bond Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide statement of activities and proprietary fund statement of revenues, expenses, and changes in fund net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and bond issuance costs are reported as expenses.

At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separate from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-13 Net Position and Fund Balances

The City's net position on the government-wide statement of net position is classified as follows:

Net investment in capital assets - This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - This represents resources for which the City is legally or contractually obligated to spend resources for continuation of federal programs, debt service, and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net position This represents resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to general operations of the City, and may be used at the discretion of the City Council to meet current expenses for those purposes.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund equity at the governmental fund financial reporting level is classified as fund balance. Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City's fund balances are classified as follows:

1) **Non-spendable fund balance** - Non-cash assets such as inventories or prepaid items.

2) **Restricted fund balance** - Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled \$6,585,339 at December 31, 2017. The major projects that comprise this total include: \$6,275,719 held in two capital projects funds to be used for 2015 SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information); \$66,553 held in three special revenue funds for economic development both generally and within specific tax allocation districts; \$89,974 held in the general fund for cemetery chapel renovations; \$10,000 held in the general fund for a greenway project; \$15,000 held in the general fund for streetscape projects; and \$128,081 held in the confiscated assets special revenue fund for future police expenditures.

3) **Committed fund balance** - Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. No amounts were reported as committed for governmental funds at December 31, 2017.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-13 Net Position and Fund Balances (continued)

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. No amounts were reported as assigned for governmental funds at December 31, 2017.

5) **Unassigned fund balance** - Residual spendable fund balance for the general fund after subtracting all above amounts. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance, as all fund balances of other governmental funds are, at a minimum, assigned to specific purposes. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Non-spendable fund balances and restricted fund balances are considered restricted net position on the statement of net position. Committed, assigned, and unassigned fund balances are considered unrestricted net position on the statement of net position.

When expenditures are incurred by the City that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from one of the three unrestricted fund balances categories, it will be applied in the following order: committed, assigned, then unassigned.

1-E-14 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category; deferred outflows of resources related to pension reported in the government-wide and proprietary funds statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The City has two types of this item. The first is unavailable revenue, which arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is deferred inflows of resources related to pension reported in the government-wide and proprietary funds statements of net position.

The WLSF Commission reports deferred inflows and outflows of resources related to pensions and also reports deferred inflows of resources related to the sale of certain ITS assets during 2012 as disclosed in Notes 1-E-7 and 1-E-8.

1-E-15 Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, wastewater, electricity, information technology systems, natural gas, golfing, airport fees, and premiums for the workers' compensation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

1-E-15 Operating and Non-Operating Revenues and Expenses (continued)

Non-operating revenues are those revenues that are not generated from the primary activity of the proprietary funds. These revenues include interest and investment income and changes in the fair value of investments. Non-operating expenses include interest expense on debt.

1-E-16 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Payments for external services, labor, supplies, and other items provided by one department to another department are treated as reductions of the provider's expenditures/expenses and increases in the recipient's expenditures/expenses. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented as reductions in internal balances.

On the government-wide statement of activities, transfers between governmental and business-type activities are reported as general revenues. Direct expenses are not eliminated from the various functional categories. Interfund transfers reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-17 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant management estimates include the estimation of pension and OPEB liabilities and the useful lives of depreciable assets. Significant management estimates related to the WLSF Commission include the estimation of unbilled revenues, the impacts of regulation, and the valuation of investments.

1-E-18 Major Customers

WLSF Commission sales to one major customer for the year ended December 31, 2017 comprised approximately 15% of total sales and 15% of electricity sales. WLSF Commission sales to a second major customer for the year ended December 31, 2017 comprised approximately 12% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's electricity or total sales during 2017.

The DWRSWMA's fee revenue from three major customers during the year ended December 31, 2017 comprised approximately 34% of total fee revenue. The largest of these comprised 15% of fee revenue for the year then ended.

1-E-19 Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

1-F Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

Note 2 – Stewardship, Compliance, and Accountability

2-A Budgetary Information

The City adopts an annual operating budget for the general fund, special revenue funds, and the debt service fund. A project budget is adopted for each capital projects fund. The annual budgets are adopted on a basis consistent with GAAP. The budget for the capital projects fund is adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period. Formal budgetary integration is employed for management control purposes in the enterprise funds. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department/function level within each individual fund. The department head is authorized to transfer budget line-items within the department's budget. However, any change in total to a fund or departmental appropriation within a fund requires City Council approval. All unexpended annual appropriations lapse at year end.

Note 3 - Detailed Notes on All Funds

3-A Investments

All investments are carried at fair value based on quoted market prices as required by GASB's accounting and reporting for investments and external investment pools, which requires that governmental entities report investments at fair value in the statement of net position and balance sheets and recognize all investment income, including changes in the fair value of investments, as other income in the statement of activities and statement of revenues, expenses/expenditures, and changes in fund net position/balances.

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of the investment or the collateral securities that are in the possession of an outside party. The City has an investment policy for credit risk that limits its investments to those authorized by Georgia law.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-A Investments (continued)

The City has the following recurring fair value measurements as of December 31, 2017:

- Cash, money market accounts, and certificates of deposit in the amount of \$21,102,178 for governmental funds, \$352,335 for nonmajor proprietary funds, \$911,496 for trust funds, \$49,333 for agency funds, \$780,784 for internal service funds, and \$7,105,069 for discretely presented component units are presented in the financial statements and are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- Investments in the local government investment pool, a 2a-7-like investment, in the amount of \$6,618,081 for governmental funds are presented in the financial statements and, while reported at fair value, are not subject to the fair value hierarchy measurement. The pool is managed to maintain a constant net asset value of \$1.00. The fund is rated AA+ by A&P. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 9 days at December 31, 2017.
- Investments in index and other mutual funds in the amount of \$35,542,755 for trust funds are valued based on quoted prices in active markets for identical assets (level 1).
- Investments in index and other mutual funds in the amount of \$67,838,138 for trust funds are valued based on significant other observable inputs (level 2).
- Investments in the Georgia Municipal Employees Benefit System OPEB Trust in the amount of \$4,152,814 for trust funds are valued using significant unobservable inputs (level 3).

Investments (pension trust fund) – In general, the cash and investments held by the Mayor and Council of the City of Dalton Employee's Pension Plan ("Pension Plan") in the pension trust fund are exempt from the City's investment and cash management policies, including the requirement that deposits be federally insured. The City of Dalton Pension Board has adopted a separate investment policy for the pension trust fund.

The assets of the Pension Plan are invested in an immediate participation contract with Metropolitan Life Insurance Company and in mutual funds with Vanguard. The pension trust fund investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

The pension investment policy limits investment in equity securities to 55% (book value – cost) of total asset value. Investments in international equities and derivative investments are prohibited. The investment manager is restricted from using financial leverage or engaging in short sale techniques. Domestic equities must be traded on the New York or American Stock Exchange, NASDAQ system, or any other major exchange and single securities may not comprise more than 5% (market value) of the investment's equity mix. Domestic fixed income shall be of investment grade quality and the average credit quality of the Pension Plan's fixed income assets should be rated A or higher as rated by Standard & Poor's or Moody's rating services.

Investments subject to credit risk include the following investments maintained in the pension trust fund and in the OPEB trust fund.

| | <u>Fair Value</u> | <u>Rating</u> |
|---|-----------------------|---------------|
| MetLife Equity Index Fund | \$ 25,137,255 | Not rated |
| MetLife Core Bond Index Fund | 32,201,701 | Not rated |
| MetLife Goldman Sachs Fund | 10,499,182 | Not rated |
| Vanguard Institutional Index Fund | 23,826,984 | Not rated |
| Vanguard Institutional Small Cap Index Fund | 11,715,771 | Not rated |
| Total pension trust fund investments | <u>\$ 103,380,893</u> | |
| Georgia Municipal Employees Benefit System OPEB Trust Account | <u>\$ 4,152,814</u> | Not rated |
| Total OPEB trust fund investments | <u>\$ 4,152,814</u> | |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-A Investments (continued)

Investments (WLSF Commission) – The WLSF Commission invests in two categories of securities: U.S. government and government agency securities and repurchase agreements that are registered and held by the WLSF Commission or an agent in the WLSF Commission’s name. The contractual maturities of these securities range from one month to 20 years.

The WLSF Commission has the following recurring fair value measurements as of December 31, 2017:

- Cash and certificates of deposit in the amount of \$48,701,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of \$88,089,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- Sachs treasury instruments in the amount of \$74,980,000 from the long-term debt proceeds invested by Branch Banking and Trust (level 2 inputs).
- No investment securities are valued using level 3 inputs.

The fair value analysis of the investments for the year ended December 31, 2017 is as follows:

| Fund Type | Cost | Fair Value at | Fair Value | | Fair Value at | Change in Fair Value |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | | 1/1/17 | Purchases | Sales | 12/31/17 | |
| Customer deposit fund | \$ 3,000,000 | \$ 2,951,000 | \$ - | \$ - | \$ 2,946,000 | \$ (5,000) |
| Combined utilities renewals and extensions fund | 19,547,000 | 29,636,000 | 49,210,000 | 11,773,000 | 67,134,000 | 61,000 |
| Combined utilities construction fund | 74,980,000 | - | 74,980,000 | - | 74,980,000 | - |
| Nuclear decommissioning fund | 67,660,000 | 64,315,000 | 19,166,000 | 16,875,000 | 66,710,000 | 104,000 |
| Total | \$ 165,187,000 | \$ 96,902,000 | \$ 143,356,000 | \$ 28,648,000 | \$ 211,770,000 | \$ 160,000 |

The change in fair value includes \$500,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

The WLSF Commission had the following investments and maturities for the year ended December 31, 2017:

| | Credit Quality | Fair Value | Investment Maturities (in Years) | | | |
|--|----------------|-----------------------|----------------------------------|----------------------|----------------------|---------------------|
| | | | Less than 1 | 1 to 5 | 6 to 10 | 10 + |
| Cash and cash equivalents | Not Rated | \$ 48,206,000 | \$ 48,206,000 | \$ - | \$ - | \$ - |
| Certificates of deposit | Not Rated | 495,000 | - | - | 495,000 | - |
| Sachs treasury instruments | Not Rated | 74,980,000 | 74,980,000 | - | - | - |
| Federal Home Loan Bank | AAA/Aaa | 13,820,000 | 1,987,000 | 5,924,000 | 5,909,000 | - |
| Federal Home Loan Mortgage Corporation | AAA/Aaa | 46,113,000 | - | 15,009,000 | 29,173,000 | 1,931,000 |
| Federal National Mortgage Association | AAA/Aaa | 17,696,000 | - | 9,901,000 | 7,795,000 | - |
| Federal Farm Credit Banks | AAA/Aaa | 3,138,000 | - | - | 3,138,000 | - |
| Coupons (Resolution Fund Corporation) | AAA/Aaa | 7,322,000 | - | 7,322,000 | - | - |
| Total | | \$ 211,770,000 | \$ 125,173,000 | \$ 38,156,000 | \$ 46,510,000 | \$ 1,931,000 |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-A Investments (continued)

Interest rate risk for investments is the risk a government may face should changes in the interest rate affect the fair value of its investments. The WLSF Commission's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the WLSF Commission will not be able to recover the value of the investment or the collateral securities that are in the possession of an outside party. The WLSF bond ordinance follows Georgia state law in restricting investments to obligations of the United States government.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an investment in a single issuer. The WLSF Commission does not place a limit on the amount it may invest in any one issuer.

3-B Receivables

Receivables at December 31, 2017 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants and contracts.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

3-C Property Taxes

Property tax rates are set by the City each year and are limited by statutory or constitutional provision. The Whitfield County tax assessor's office sets property values and assesses property tax bills in accordance with those values and tax rates set by all applicable taxing authorities. The Whitfield County tax commissioner's office collects property taxes for the City. Property taxes are levied as of January 1 on property values assessed as of the same date. The tax bills are mailed on October 20 and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending sixty days after the tax billing. After December 20, the bill becomes delinquent and penalties and interest may be assessed by the City. If the tax is unpaid after ninety days from due date, a lien is placed against the property.

Taxes receivable at December 31, 2017 consists of uncollected property taxes levied during the year ended December 31, 2017 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and corresponding deferred revenue has been recorded. Taxes receivable are reported in the general fund and in the special revenue tax allocation district funds, and are summarized below.

| | | |
|---|----|-------------------------|
| Gross property taxes receivable | \$ | 1,039,883 |
| Allowance for uncollectible taxes | | <u>(10,405)</u> |
| Property taxes receivable | \$ | <u><u>1,029,478</u></u> |
| | | |
| Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows | \$ | <u><u>490,538</u></u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-D Regulatory Assets and Liabilities

As the WLSF Commission has the authority to set rates, they follow GASB's accounting for the effects of rate regulation, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the rate-making process.

Regulatory assets and liabilities reflected in the statement of net position as of December 31, 2017 relate to the following:

| | |
|----------------------------------|----------------------|
| Asset retirement obligations (a) | \$ 41,684,000 |
| Cost of removal (b) | (25,880,000) |
| Pension (c) | <u>21,024,000</u> |
| Total regulatory assets - net | <u>\$ 36,828,000</u> |

(a) Amount being recovered over the life of the related capital asset and will be settled following completion of the related activities.

(b) Amount will be settled and trued up following completion of related activities.

(c) The adoption of GASB 68 in 2015 required the recognition of the funded status of defined benefit pensions in the statements of net position, with a cumulative effect of adoption recorded as a restatement of beginning net position for 2015. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2015. This recorded amount will change annually based on actuarial values. See Notes 3-J and 5-A for additional information.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance 12/31/2016 | Additions | Reclass- ifications | Disposals | Balance 12/31/2017 |
|---|-----------------------|---------------------|------------------------|-----------------------|-----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 20,805,637 | \$ 157,038 | \$ - | \$ (2,996,305) | \$ 17,966,370 |
| Construction in progress | 7,475,228 | 5,894,285 | (2,230,587) | - | 11,138,926 |
| Total capital assets not being depreciated | <u>28,280,865</u> | <u>6,051,323</u> | <u>(2,230,587)</u> | <u>(2,996,305)</u> | <u>29,105,296</u> |
| Other capital assets: | | | | | |
| Land improvements | 30,235,823 | 1,245,908 | 1,754,590 | - | 33,236,321 |
| Buildings | 31,290,513 | - | - | - | 31,290,513 |
| Building improvements | 4,020,258 | - | - | - | 4,020,258 |
| Vehicles | 5,917,883 | 401,045 | (5,817) | (232,163) | 6,080,948 |
| Machinery | 14,152,228 | 224,630 | - | (384,975) | 13,991,883 |
| Equipment | 3,856,110 | 2,261,369 | 473,964 | (7,200) | 6,584,243 |
| Furniture & fixtures | 176,692 | - | - | - | 176,692 |
| Intangibles | 1,161,002 | - | - | (58,510) | 1,102,492 |
| Bridge and bridge culvert | 8,752,560 | - | - | - | 8,752,560 |
| Streets and streetscape | 96,938,356 | 395,345 | 7,850 | - | 97,341,551 |
| Mast arm lighting | 264,218 | - | - | - | 264,218 |
| Total other capital assets | <u>196,765,643</u> | <u>4,528,297</u> | <u>2,230,587</u> | <u>(682,848)</u> | <u>202,841,679</u> |
| Total cost | <u>225,046,508</u> | <u>10,579,620</u> | <u>-</u> | <u>(3,679,153)</u> | <u>231,946,975</u> |
| Accumulated depreciation: | | | | | |
| Land improvements | 17,792,536 | 1,381,214 | - | - | 19,173,750 |
| Buildings | 9,837,568 | 637,799 | - | - | 10,475,367 |
| Building improvements | 1,482,840 | 182,993 | - | - | 1,665,833 |
| Vehicles | 3,819,916 | 506,898 | (5,817) | (230,207) | 4,090,790 |
| Machinery | 9,286,500 | 503,401 | - | (384,976) | 9,404,925 |
| Equipment | 2,485,962 | 239,686 | 5,817 | (7,200) | 2,724,265 |
| Furniture & fixtures | 163,638 | 2,520 | - | - | 166,158 |
| Intangibles | 1,136,335 | 13,261 | - | (58,510) | 1,091,086 |
| Bridge and bridge culvert | 6,493,771 | 175,051 | - | - | 6,668,822 |
| Streets and streetscape | 85,621,940 | 890,881 | - | - | 86,512,821 |
| Mast arm lighting | 172,033 | 13,211 | - | - | 185,244 |
| Total accumulated depreciation | <u>138,293,039</u> | <u>4,546,915</u> | <u>-</u> | <u>(680,893)</u> | <u>142,159,061</u> |
| Governmental activities capital assets, net | <u>\$ 86,753,469</u> | <u>\$ 6,032,705</u> | <u>\$ -</u> | <u>\$ (2,998,260)</u> | <u>\$ 89,787,914</u> |

Land disposals disclosed above totaling \$2,996,305 were transferred to the airport fund, as disclosed in the business-type activities capital asset note below.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-E Capital Assets (continued)

Governmental activities depreciation expense

| | | |
|--|----|------------------|
| General government | \$ | 407,732 |
| Judicial | | 1,096 |
| Public safety | | 923,443 |
| Public works | | 1,551,612 |
| Culture and recreation | | 1,633,285 |
| Health and welfare | | 29,747 |
| Total governmental activities depreciation expense | \$ | <u>4,546,915</u> |

Business-type capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance at 12/31/16 | Additions | Disposals and Reclassifications | Balance at 12/31/17 |
|--|------------------------|----------------------|------------------------------------|------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,664,722 | \$ 2,860,807 | \$ - | \$ 4,525,529 |
| Construction in progress | <u>135,273,000</u> | <u>12,273,000</u> | <u>(38,680,000)</u> | <u>108,866,000</u> |
| Total capital assets not being depreciated | <u>136,937,722</u> | <u>15,133,807</u> | <u>(38,680,000)</u> | <u>113,391,529</u> |
| Other capital assets: | | | | |
| Land improvements | 7,819,408 | 135,498 | - | 7,954,906 |
| Buildings | 3,692,434 | | - | 3,692,434 |
| Building improvements | 71,055 | - | - | 71,055 |
| Vehicles | 51,991 | - | - | 51,991 |
| Machinery and equipment | 2,456,207 | 19,816 | - | 2,476,023 |
| Utility plant | <u>1,156,064,000</u> | <u>34,718,000</u> | <u>(501,000)</u> | <u>1,190,281,000</u> |
| Total other capital assets | <u>1,170,155,095</u> | <u>34,873,314</u> | <u>(501,000)</u> | <u>1,204,527,409</u> |
| Total cost | <u>1,307,092,817</u> | <u>50,007,121</u> | <u>(39,181,000)</u> | <u>1,317,918,938</u> |
| Accumulated depreciation: | | | | |
| Land improvements | 4,432,876 | 272,351 | - | 4,705,227 |
| Buildings | 1,977,262 | 79,727 | - | 2,056,989 |
| Building improvements | 66,735 | 216 | - | 66,951 |
| Vehicles | 43,936 | 2,417 | - | 46,353 |
| Machinery and equipment | 1,206,296 | 148,468 | - | 1,354,764 |
| Utility plant | <u>518,498,000</u> | <u>23,217,000</u> | <u>(501,000)</u> | <u>541,214,000</u> |
| Total accumulated depreciation | <u>526,225,105</u> | <u>23,720,179</u> | <u>(501,000)</u> | <u>549,444,284</u> |
| Nuclear fuel, at amortized cost | <u>20,960,000</u> | <u>3,839,000</u> | <u>(4,845,000)</u> | <u>19,954,000</u> |
| Business-type activities capital assets, net | <u>\$ 801,827,712</u> | <u>\$ 30,125,942</u> | <u>\$ (43,525,000)</u> | <u>\$ 788,428,654</u> |

Land and land improvements additions disclosed above totaling \$2,996,305 were transferred from the general fund, as disclosed in the governmental activities capital assets note above.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2017 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year. Interfund balances at December 31, 2017 consisted of the following:

| Payable to: | Payable from: | | |
|------------------------------|------------------------------------|-------------------------------|-------------------|
| | Non-major governmental funds | Non-major enterprise funds | Total |
| General fund | \$ 750,118 | \$ 63,077 | \$ 813,195 |
| Non-major governmental funds | 20,670 | - | 20,670 |
| Total | \$ 770,788 | \$ 63,077 | \$ 833,865 |

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to return money to the fund from which it was originally provided once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2017 consisted of the following:

| Transfer to: | Transfer from: | | | Total |
|------------------------------|---------------------|-------------------------|------------------------------------|----------------------|
| | General fund | WLSF Commission fund | Non-major governmental funds | |
| General fund | \$ - | \$ 10,362,000 | \$ 352,483 | \$ 10,714,483 |
| Non-major governmental funds | 1,127,867 | - | - | 1,127,867 |
| Non-major enterprise funds | - | - | 3,624,305 | 3,624,305 |
| Total | \$ 1,127,867 | \$ 10,362,000 | \$ 3,976,788 | \$ 15,466,655 |

During 2017, the airport improvement grant fund, a special revenue fund, transferred certain capital assets to the Dalton municipal airport fund, an enterprise fund. The transfer of capital assets, with a net value of \$2,996,305 (included in the \$3,624,305 above), was reported in the Dalton municipal airport fund as a transfer in. The transfer out was not reported in the governmental fund statements for the airport improvement grant fund, as the funds report on a modified accrual basis and do not report capital assets. The transfer out was recorded during the conversion to the full accrual government-wide governmental activities statements, and is included as a reconciling item on the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-G Compensated Absences

Employees of the City of Dalton are entitled to paid vacations, sick days, and loss leave depending on the length of their service. As of April 1, 1998, employees are entitled to accumulate ten sick days a year up to a maximum of one hundred twenty sick days. Upon retirement, up to sixty days can be added to the length of service for retirement purposes. As of April 1, 1998, employees are entitled to accumulate twelve vacation days a year up to a maximum of forty. When separated from services, employees are entitled to receive payment for accumulated vacation time. Prior to April 1, 1998, employees with sick and vacation days in excess of these amounts capped leave hours as of that date. Therefore, employees hired prior to April 1, 1998 can have leave hours in excess of maximum amounts above.

3-H Operating Leases

The City of Dalton is obligated under several operating leases for office equipment that expire over the next five years. Rent expense for these operating leases for 2017 was approximately \$23,000. The annual minimum lease payments under operating leases as of December 31, 2017 are as follows:

| | | |
|------|----|--------|
| 2018 | \$ | 18,449 |
| 2019 | | 14,626 |
| 2020 | | 9,636 |
| 2021 | | 2,815 |
| 2022 | | 1,454 |

3-I Long-term Debt

Notes Payable - On April 8, 2011, the City executed a note with the Dalton Housing Authority for the purpose of purchasing property to be used for the Dalton Community Center. The agreement requires that the Housing Authority's payment in lieu of taxes of \$101,712 be reduced by \$53,000 per year for ten years, through 2019. The implicit interest rate on the agreement is 0%.

Note payable debt service requirements to maturity are as follows:

| <u>Date Due</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|-------------------|-----------------|-------------------|
| 2018 | \$ 53,000 | \$ - | \$ 53,000 |
| 2019 | 53,000 | - | 53,000 |
| | <u>\$ 106,000</u> | <u>\$ -</u> | <u>\$ 106,000</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-I Long-term Debt (continued)

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2010, were issued in the amount of \$5,600,000, with an effective interest rate of 5.4%. The bonds have a 45% federal subsidy rebate on the interest expense, reducing the effective interest rate to 3.0%. As these bonds are issued in the name of the City of Dalton Building Authority, they are reflected as a capital lease payable on the government-wide financial statements.

Bond debt service requirements to maturity are as follows:

| Date Due | Principal | Interest | Federal Subsidy | Total |
|-------------|---------------------|---------------------|---------------------|---------------------|
| 2018 | \$ 255,000 | \$ 230,087 | \$ (103,539) | \$ 381,548 |
| 2019 | 260,000 | 217,592 | (97,916) | 379,676 |
| 2020 | 270,000 | 204,228 | (91,903) | 382,325 |
| 2021 | 275,000 | 190,188 | (85,585) | 379,603 |
| 2022 | 285,000 | 175,068 | (78,778) | 381,290 |
| 2023 - 2027 | 1,550,000 | 621,498 | (279,673) | 1,891,825 |
| 2028 - 2030 | 1,065,000 | 134,373 | (60,472) | 1,138,901 |
| | <u>\$ 3,960,000</u> | <u>\$ 1,773,034</u> | <u>\$ (797,866)</u> | <u>\$ 4,935,168</u> |

During 2012, the City became aware that sequestration cuts at the federal level would result in the above federal subsidy being reduced by an unknown amount. The City has not received any formal notification, but the subsidy for 2017 was reduced by \$7,493 (6.9%), from \$108,601 to \$101,108. The federal government has indicated sequestration cuts will continue, but the duration and amount of those cuts is unknown at this time. The City does not believe it will have a material effect on its financial statements.

Building Authority Series 2015 Revenue Bonds, dated August 1, 2015, were issued in the amount of \$26,940,000, with an effective interest rate of 1.297%. The purpose of these bonds was to finance certain SPLOST projects for the City, Whitfield County, Georgia, and other cities within Whitfield County in advance of SPLOST receipts. The City and Whitfield County entered into an intergovernmental contract, also dated August 1, 2015, regarding the allocation of the proceeds of this bond issuance and the related debt repayments. The allocations were based upon the referendum-approved SPLOST projects and each government entities' respective share of the projects. The City received proceeds of \$4,276,043, Whitfield County received proceeds of \$22,331,677, and proceeds of \$332,280 were set aside to pay for bond issuance costs. The City is responsible for repayment of \$8,505,956 and Whitfield County is responsible for repayment of \$18,434,044, each government's allocable share of the funds received, issuance costs shared, and county-wide projects performed by Whitfield County. As these bonds are issued in the name of the City of Dalton Building Authority, they are reflected as a capital lease payable on the government-wide financial statements. Only the City's allocable share of the debt repayment is included in the financial statements. Whitfield County, Georgia will report their allocable share of the debt repayment in their financial statements.

Bond debt service requirements to maturity are as follows:

| Date Due | Principal | Interest | Total |
|----------|---------------------|------------------|---------------------|
| 2018 | \$ 2,141,077 | \$ 55,900 | \$ 2,196,977 |
| 2019 | 2,169,856 | 28,134 | 2,197,990 |
| | <u>\$ 4,310,933</u> | <u>\$ 84,034</u> | <u>\$ 4,394,967</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-I Long-term Debt (continued)

On January 25, 2013, the City entered into a capital lease agreement with Leasing 2, Inc. for the purchase of a fire truck valued at \$1,148,857. The lease, along with imputed interest of 1.73%, totals \$1,188,602, and is payable in 5 annual installments beginning January 2013 through January 2017. The lease was paid in full during 2017.

Revenue Bonds – On November 21, 2017, the City issued \$66,660,000 principal amount of the City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2017, maturing March 1, 2038. The bonds were issued primarily for the benefit of the WLSF Commission to fund water and wastewater projects with a par amount of \$66,660,000 and all-in true interest cost of 3.24% for a total debt service amount of \$103,620,575.

At December 31, 2017, WLSF Commission debt consisted of the following:

| | | |
|---|----|------------|
| Bond offering principal | \$ | 66,660,000 |
| Unamortized debt premium, net of \$0.7M of debt issuance costs | | 8,293,000 |
| Total long-term debt | \$ | 74,953,000 |

Bond debt service requirements to maturity are as follows:

| Date Due | Principal | Interest | Total |
|-------------|---------------|---------------|----------------|
| 2018 | \$ - | \$ 2,414,000 | \$ 2,414,000 |
| 2019 | 2,005,000 | 3,053,000 | 5,058,000 |
| 2020 | 2,110,000 | 2,951,000 | 5,061,000 |
| 2021 | 2,220,000 | 2,842,000 | 5,062,000 |
| 2022 | 2,330,000 | 2,729,000 | 5,059,000 |
| 2023 - 2027 | 13,580,000 | 11,723,000 | 25,303,000 |
| 2028 - 2032 | 17,440,000 | 7,864,000 | 25,304,000 |
| 2033 - 2037 | 22,015,000 | 3,286,000 | 25,301,000 |
| 2038 | 4,960,000 | 99,000 | 5,059,000 |
| | \$ 66,660,000 | \$ 36,961,000 | \$ 103,621,000 |

All long-term obligations of the City's governmental funds will be financed through future debt service fund available financial sources as they become due. Principal and interest payments related to the WLSF Commission are financed from income derived from the operation of their systems.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, the funds used to relieve the liability included the general fund, the WLSF Commission fund, and the municipal golf course fund. The net pension liability will be paid from the pension trust fund. The net OPEB obligation will be paid from the OPEB trust fund. Any remaining net pension liability or net OPEB obligation which can not be satisfied by those funds will be paid from funds which have participants that comprise the obligation balance, primarily the general fund and the WLSF Commission fund.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-I Long-term Debt (continued)

Asset retirement obligations and other costs of removal – The WLSF Commission records asset retirement obligations (“ARO”) for legal obligations associated with the ultimate costs of retiring long-lived assets. The present value of the ultimate costs for an asset’s future retirement must be recorded in the period in which the liability is incurred. The costs must be capitalized as part of the related long-lived asset and depreciated over the asset’s useful life.

Additionally, through 2009, the WLSF Commission accrued for other future retirement costs for long-lived assets that the WLSF Commission does not have a legal obligation to retire through depreciation expense as provided in the rates. Accordingly, the accumulated retirement costs for these obligations are reflected as a regulatory liability in the statement of net position. These other removal costs are included as an offset to regulatory assets in the statement of net position.

The ARO recognized in the financial statements to retire long-lived assets primarily relates to the WLSF Commission’s ownership interests in the jointly owned nuclear plants Hatch and Vogtle, as well as coal ash ponds, landfills, and gypsum cells related to jointly owned coal-fired plants Wansley and Scherer. The WLSF Commission recognizes in the statement of revenues, expenses, and change in fund net position allowed removal costs for both legal obligations and for other costs of removal in accordance with regulatory treatment. Any differences between costs recognized for accounting purposes and those reflected in rates are recognized as either a regulatory asset or liability.

Details of the AROs reflected in the statement of net position as of December 31, 2017 are as follows:

| | |
|----------------------------------|----------------------|
| ARO balance at December 31, 2016 | \$ 62,848,000 |
| Accretion | <u>1,847,000</u> |
| ARO balance at December 31, 2017 | <u>\$ 64,695,000</u> |

The cost estimates for ARO related to the CCR Rule are based on information as of December 31, 2017 using various assumptions related to closure and post-closure costs, timing of future cash outlays, inflation and discount rates, and the potential methods for complying with the CCR Rule requirements for closure. As further analysis is performed, including evaluation of the expected method of compliance, refinement of assumptions underlying the cost estimates, such as the quantities of CCR at each site, and the determination of timing, including the potential for closing ash ponds prior to the end of their currently anticipated useful life, the WLSF Commission expects to continue to periodically update the estimates.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-I Long-term Debt (continued)

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2017:

| | Outstanding 12/31/2016 | Additions | Reductions | Outstanding 12/31/2017 | Amounts Due in One Year |
|---------------------------------------|---------------------------|----------------------|-----------------------|---------------------------|----------------------------|
| Governmental activities: | | | | | |
| Capital leases payable | \$ 10,868,223 | \$ - | \$ (2,597,290) | \$ 8,270,933 | \$ 2,396,077 |
| Notes payable | 159,000 | - | (53,000) | 106,000 | 53,000 |
| Compensated absences | 4,229,951 | 1,499,345 | (1,448,174) | 4,281,122 | 1,500,000 |
| Total governmental activities | \$ 15,257,174 | \$ 1,499,345 | \$ (4,098,464) | \$ 12,658,055 | \$ 3,949,077 |
| Business-type activities | | | | | |
| Unearned revenue - TVA right of use | \$ 117,000 | \$ - | \$ (50,000) | \$ 67,000 | \$ - |
| Accrued construction retention | 2,134,000 | - | (2,134,000) | - | - |
| Asset retirement obligations | 62,848,000 | 1,847,000 | - | 64,695,000 | - |
| Revenue bonds payable | - | 66,660,000 | - | 66,660,000 | - |
| Unamortized premium on revenue bonds | - | 8,293,000 | - | 8,293,000 | - |
| Compensated absences | 102,543 | 38,138 | (28,141) | 112,540 | 40,000 |
| Total business-type activities | \$ 65,201,543 | \$ 76,838,138 | \$ (2,212,141) | \$ 139,827,540 | \$ 40,000 |

3-J Pensions

Plan description - The Mayor and Council of the City of Dalton Employee's Pension Plan ("Pension Plan") was established to provide retirement benefits for eligible employees. The Pension Plan is a defined benefit single employer public employee retirement system. The Pension Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Pension Plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Pension Plan administrator. The Pension Plan is accounted for in the pension trust fund, financial statements for which are found on pages 35 and 36 of this report. The Pension Plan is audited on a biennial basis and issues stand-alone financial statements in conjunction with those audits. The most recent stand alone financial statement issued by the Pension Plan was for the year ended December 31, 2016, and may be obtained from the City of Dalton Finance Department. The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the market value of assets calculated under the accrual basis of accounting.

Summary of significant accounting policies - The City of Dalton Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period that contributions are due. Investment income is recognized as earned by the Pension Plan. The net appreciation (depreciation) in the fair value of investments held by the Pension Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position. Benefits and refunds of the Pension Plan are recognized when due and payable in accordance with the terms of the Pension Plan. All contributions to the Pension Plan, less any administrative expenses paid out, are invested into insurance contracts with the Metropolitan Life Insurance Company. The Pension Plan's investment contracts are valued at fair value. The value of the assets is determined in regards to applicable laws and regulations. The value of any assets not publicly traded will reflect prevailing interest rates and prices of publicly traded securities of similar quality.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-J Pensions (continued)

Eligibility - All full-time employees of a participating employer who were hired prior to July 1, 2002 are eligible to participate in the Pension Plan after completing six months of service as a covered employee, except that the Mayor, Councilmembers, Commissioners, and Authority Members are not eligible to participate in the Pension Plan. Participating employers include: the City, including the Public Safety Commission, the WLSF Commission, and the Recreation Commission; the Northwest Georgia Trade and Convention Center Authority; the Dalton-Whitfield Convention and Visitors Bureau; and the Dalton-Whitfield Regional Solid Waste Management Authority. Employees who began work after this July 1, 2002 are eligible for participation in the defined contribution plan (Note 3-L). The Pension Plan provides pension benefits, early retirement benefits, and death benefits.

Benefits - Benefits fully vest after ten years of service. Normal retirement benefits are available to employees of any age after thirty years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to .15% of their average monthly compensation, multiplied by their years of credited service for which they were employed by a participating employer of the Pension Plan. These benefit payments are subject to a discretionary annual cost-of-living adjustment as determined and approved on an annual basis by the Mayor and Council of the City of Dalton. The participant's average monthly compensation is equal to the average of the participant's highest 36 consecutive basic monthly earnings during their last 120 months of employment; basic monthly earnings are equal to total compensation for a calendar year, excluding lump sum payments for severance and unused sick and vacation leave, and are deemed to be earned uniformly throughout each calendar year; annual compensation is limited to \$200,000 per year. Monthly pension benefits will be paid as a life annuity to the participant, with ten years guaranteed. Pension Plan provisions include a 55% survivor annuity payable to the participant's surviving spouse, commencing after the ten years of the full benefit amount. The surviving spouse may receive death benefits for life.

Pension Plan provisions include early retirement benefits whereby an employee may terminate his employment with the City after accumulating fifteen years of service and reaching the age of fifty or after accumulating ten years of service and reaching the age of fifty-five. The retirement benefits are reduced by 0.5% for each month by which the participant's early retirement age precedes their normal retirement age.

The benefit terms of the Pension Plan have not changed from the prior measurement date.

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2018 is as follows:

| | |
|--|---------------|
| Actively employed participants | 227 |
| Average age | 49.2 years |
| Average service | 20.9 years |
| Total annualized compensation for the prior year | \$ 13,647,538 |
| Total expected compensation for the current year | \$ 14,091,077 |
| Participants receiving a benefit | |
| Service retirees | 301 |
| Beneficiaries | 63 |
| Inactive participants - deferred; vested | 16 |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-J Pensions (continued)

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 46.5% (at the last valuation date) to 49.2% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 10-year period with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

Investments - The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote. The Board has full power to invest or reinvest Pension Plan assets in any kind of property which the Pension Board deems proper. It is the policy of the Pension Board to pursue an investment strategy which reduces risk through prudent diversification of the portfolio. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the Pension Plan is as follows:

| Investment Category | Target Allocation | Expected Long Term Real Return |
|--------------------------------------|-------------------|--------------------------------|
| US large cap stocks | 40% | 6.00% per annum |
| US small cap stocks | 15% | 6.75% per annum |
| US fixed income | 45% | 2.00% per annum |
| Total or weighted arithmetic average | 100% | 4.31% per annum |

For the year ended December 31, 2017, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 12.72%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2017. The components of the net pension liability of the City as of the Pension Plan's year end were as follows:

| | |
|--|----------------------|
| Total pension liability | \$ 133,000,312 |
| Plan fiduciary net position | <u>104,453,266</u> |
| City's net pension liability | <u>\$ 28,547,046</u> |
| Plan fiduciary net position as a % of the total pension liability | 79% |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-J Pensions (continued)

The following actuarial assumptions used in the determination of the City's net pension liability were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017:

Actuarial Assumptions

| | |
|--------------------------|---|
| Discount rate: | 6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments. |
| Salary increases: | 4.00% per annum |
| Cost of living increase: | None assumed |
| Mortality basis: | Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430; future generational improvements in mortality have not been reflected. |
| Retirement: | Retirement is assumed to occur at normal retirement age. |
| Other decrements: | Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65. |
| Non-investment expenses: | \$50,000 per year |
| Future contributions: | Contributions from the employer and employees are assumed to be made as legally required. |
| Changes: | No assumptions were changed since the prior measurement date. |

The following represents the net pension liability as of the measurement date and the Pension Plan's year end, December 31, 2017, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

| | Discount Rate Minus 1.00% | Discount Rate 6.81% | Discount Rate Plus 1.00% |
|-----------------------------|------------------------------|------------------------|-----------------------------|
| Total pension liability | \$ 147,266,218 | \$ 133,000,312 | \$ 120,981,724 |
| Plan fiduciary net position | 104,453,266 | 104,453,266 | 104,453,266 |
| Net pension liability | <u>\$ 42,812,952</u> | <u>\$ 28,547,046</u> | <u>\$ 16,528,458</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-J Pensions (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended December 31, 2017, the City recognized pension expense of \$3,128,535. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------|-----------------------------------|----------------------------------|
| Balance as of December 31, 2016 | \$ 4,483,110 | \$ 1,862,044 |
| Change due to: | | |
| Amortization payments | (1,601,882) | (1,812,158) |
| Investment gain/loss | - | 5,258,879 |
| Demographic gain/loss | - | 54,192 |
| Total change | <u>(1,601,882)</u> | <u>3,500,913</u> |
| Balance as of December 31, 2017 | <u>\$ 2,881,228</u> | <u>\$ 5,362,957</u> |

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------|-----------------------------------|----------------------------------|
| 2018 | \$ 1,601,882 | \$ 1,804,059 |
| 2019 | 1,273,559 | 1,292,431 |
| 2020 | 5,787 | 1,214,692 |
| 2021 | - | 1,051,775 |
| 2022 | - | - |

The deferred outflows of resources, net pension liability, and deferred inflows of resources were allocated and reported among the Pension Plan’s participants, which includes City departments, the WLSF Commission, and the DWRSWMA, a joint venture. Amounts recorded for DWRSWMA are not reflected on the statements of net position, as the balances and activity are reported as a net investment in the joint venture. The allocations were as follows:

| | Deferred Outflows of Resources | Net Pension Liability | Deferred Inflows of Resources |
|-------------------------|-----------------------------------|--------------------------|----------------------------------|
| Governmental activities | \$ 1,233,561 | \$ 11,875,635 | \$ 2,332,093 |
| WLSF Commission | 1,499,000 | 15,064,000 | 2,786,000 |
| Municipal golf course | 23,294 | 227,141 | 51,523 |
| DWRSWMA | 125,373 | 1,380,270 | 193,341 |
| | <u>\$ 2,881,228</u> | <u>\$ 28,547,046</u> | <u>\$ 5,362,957</u> |

Additional information on the Pension Plan, including the schedule of changes in the net pension liability, the schedule of funding progress, the schedule of actuarially determined contributions, the schedule of annual money-weighted returns, and the notes to the required supplementary information, is presented in the financial statements as required supplementary information, which immediately follows these notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-K Other Post Employment Benefits

Plan description - The City of Dalton OPEB Plan ("OPEB Plan") was established to provide other post employment benefits for eligible retirees and beneficiaries. The OPEB Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10.1). The Mayor and Council of the City of Dalton serve as the OPEB Plan administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The OPEB Plan does not issue separate financial statements.

Summary of significant accounting policies – The OPEB Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period that contributions are due. Investment income is recognized as earned by the OPEB Plan. The net appreciation (depreciation) in the fair value of investments held by the OPEB Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position. All contributions to the OPEB Plan, less any administrative expenses paid out, are invested in a trust fund with Georgia Municipal Association, and are valued at fair value.

In prior years, the Mayor and Council elected to no longer fund the OPEB Plan. The OPEB Plan fund was to be depleted over time, utilizing assets to fund retiree health care costs until assets were no longer available; at that time benefits would cease. In 2014, the Mayor and Council revised their plans, and decided to continue to operate the OPEB Plan as outlined below. In the 2013 audit, the net OPEB obligation recorded on the statements of net position of \$4,204,500 was based upon a January 1, 2012 valuation and was based upon old information. In 2014, the Mayor and Council obtained a new OPEB Plan valuation, beginning with all new assumptions and taking into account only the actuarial value of assets held in the old plan. Therefore, the following disclosure reports the beginning net OPEB obligation at January 1, 2014 as zero.

The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. All full-time employees of a participating employer who were hired prior to September 1, 2007 are eligible to participate in the OPEB Plan. The OPEB Plan covers eligible retirees and beneficiaries of the Mayor and Council, the Public Safety Commission, the Water, Light, and Sinking Fund Commission, the Recreation Commission, the Dalton-Whitfield Convention and Visitors Bureau, the Northwest Georgia Trade and Convention Center Authority, and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees become eligible for health insurance coverage based upon the earlier of attaining: (1) age 65 with 5 years of service, (2) age 55 with 10 years of service, (3) age 50 with 15 years of service, or (4) any age with 30 years of service, or become disabled during the course of their full time employment. If a retiree is eligible for health insurance coverage, the OPEB Plan will also provide health insurance coverage for the retiree's spouse and/or dependent children so long as the retiree is covered. Eligible individuals receive subsidized healthcare coverage until age 65 or for no more than five years if hired after May 31, 1998. The OPEB Plan provides life insurance until age 70 in an amount equal to the participant's basic annual compensation in force on the date of retirement, rounded to the next higher \$1,000. The maximum benefit provided is \$25,000.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-K Other Post Employment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2014:

| | |
|--|-----|
| Current retirees: | |
| Under age 65 | 77 |
| Over age 65 | 3 |
| Active employees: | |
| Active employees fully eligible for benefits | 42 |
| Active employees not yet eligible for benefits | 383 |
| Total number of participants | 505 |

Funding policy - The OPEB Plan actuarial valuation was performed in early 2015 and provided actuarial information as of December 31, 2014 and December 31, 2015. During 2017, the information was rolled forward as of December 31, 2016. OPEB information rolled forward as of December 31, 2017 is not yet available, so these disclosures present the most up to date information available, most as of December 31, 2016. The Mayor and Council determine the funding level on an annual basis. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2017 are as follows:

| | |
|--------------|-----------------------|
| | Annual |
| | Employee/Retiree |
| | Coverage Premium |
| Employee | \$ 1,068 |
| Employee + 1 | 3,312 |
| Family | 4,524 |

A schedule of the OPEB Plan's annual required employer contributions is as follows:

| Year Ended December 31, | Employer Contributions and Interest | Annual Required Contribution | Percentage Contributed | Annual OPEB Cost | Percentage Contributed | NOO at Fiscal Year End |
|----------------------------|---|------------------------------------|---------------------------|------------------------|---------------------------|------------------------------|
| 2016 | \$ 1,051,000 | \$ 2,942,000 | 36% | \$ 2,681,000 | 39% | \$ 4,960,000 |
| 2015 | 1,036,000 | 2,809,000 | 37% | 2,677,000 | 39% | 3,330,000 |
| 2014 | 1,036,000 | 2,725,000 | 38% | 2,725,000 | 38% | 1,689,000 |

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. A schedule of the OPEB Plan's funding progress is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------------|---------------------------------|---|------------------------|-----------------|--------------------|--------------------------------------|
| 1/1/2015 | \$ 4,587,000 | \$ 20,759,000 | \$ 16,172,000 | 22% | \$ 30,873,000 | 52% |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-K Other Post Employment Benefits (continued)

Annual OPEB cost – The most recent valuation reported the following information as of December 31, 2016. Annual OPEB cost, the net OPEB obligation, and the annual required contribution per the valuation were determined as follows:

| | |
|--|---------------------|
| <u>Development of the Net OPEB Obligation</u> | |
| Net OPEB obligation as of December 31, 2015 | \$ 3,330,000 |
| Annual OPEB cost for the 2016 plan year | 2,681,000 |
| Employer contributions for the 2016 plan year | (1,030,000) |
| Interest on employer contributions | (21,000) |
| Net OPEB obligation as of December 31, 2016 | <u>\$ 4,960,000</u> |
| <u>Development of the Annual OPEB Cost</u> | |
| Annual required contribution | \$ 2,942,000 |
| Interest on net OPEB obligation | 134,000 |
| Annual required contribution adjustment | (395,000) |
| Annual OPEB cost | <u>\$ 2,681,000</u> |
| <u>Development of the Annual Required Contribution</u> | |
| Employer normal cost | \$ 815,000 |
| Amortization of the unfunded accrued actuarial liability | 1,732,000 |
| Amortization of the net OPEB obligation | 395,000 |
| Annual required contribution | <u>\$ 2,942,000</u> |

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant assumptions utilized in the preparation of the actuarial valuation of the OPEB Plan are as follows:

| | |
|------------------------------|---|
| Current valuation date | December 31, 2014 |
| Actuarial cost method | Projected credit unit |
| Amortization method | 10 year open period; level dollar payment |
| Asset valuation method | Market value |
| Investment return | 4.00% |
| Inflation rate | 2.75% |
| Healthcare cost trend rates: | |
| Select rates | 8% for 2015 graded to 5.5% for 2020 |
| Ultimate rate | 5.00% |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-L Defined Contribution Plan

Employees with an employment commencement date, including former employees rehired after a severance, on or after July 1, 2002 will not be allowed to participate in the Pension Plan (Note 3-J). Employees hired or re-hired after July 1, 2002 will be covered by the City of Dalton Employee Retirement Plan ("Retirement Plan"), which is a combined profit sharing/money purchase plan. The Mayor and Council of the City approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. The Mayor and Council engaged VALIC to administer the Retirement Plan. All full-time employees who have completed six months of continuous service are eligible to participate in the Retirement Plan. The Retirement Plan is considered a defined contribution plan in which the employer provides \$1.00 for every \$1.00 of deferred compensation the employee makes to the Retirement Plan. The employer will make this match up to the first 5% of the employee's compensation, up to an annual limit of \$200,000. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three-year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. Participation is not mandatory; however, non-participating employees will not receive any matching employer contributions. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2017, employee contributions totaled \$645,989 and employer contributions totaled \$421,006. For the year 2017, forfeitures of employer matching contributions totaled \$2,353 and the ending balance in the forfeiture account was \$2,294.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2017 is calculated as follows:

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Cost of capital assets | \$ 231,946,975 | \$ 1,337,872,938 | \$ 1,569,819,913 |
| Less: accumulated depreciation | 142,159,061 | 549,444,284 | 691,603,345 |
| Book value | 89,787,914 | 788,428,654 | 878,216,568 |
| Less: capital related debt | 8,376,933 | 66,660,000 | 75,036,933 |
| Less: premium on capital related debt | - | 8,989,000 | 8,989,000 |
| Less: asset retirement obligations | - | 64,695,000 | 64,695,000 |
| Less: deferred inflows of resources - ITS sale | - | 5,583,000 | 5,583,000 |
| Add: accrued interest payable | - | 345,000 | 345,000 |
| Add: regulatory asset - AROs | - | 15,804,000 | 15,804,000 |
| Net investment in capital assets | <u>\$ 81,410,981</u> | <u>\$ 658,650,654</u> | <u>\$ 739,371,635</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

3-N Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged to customers for similar services) among its utility systems as revenue of the selling utility system and expense of the purchasing utility system. During the year ended December 31, 2017, interutility sales were as follows:

| | | |
|------------------------|----|-------------------------|
| Electric | \$ | 4,482,000 |
| Natural gas | | 10,000 |
| Water | | 212,000 |
| Wastewater | | 141,000 |
| Information technology | | 2,531,000 |
| Total | \$ | <u><u>7,376,000</u></u> |

Note 4 - Other Notes

4-A Hotel Motel Lodging Tax

The City levies a 7% hotel motel tax in accordance with the provisions of O.C.G.A. 48-13-51(b). A summary of the transactions is as follows:

| | | |
|---|----|----------------------------|
| Hotel motel tax revenue | | <u><u>\$ 1,501,172</u></u> |
| Expenditures for promotion of tourism and support: | | |
| Northwest Georgia Trade and Convention Center Authority | | 628,000 |
| Dalton Area Convention and Visitors Bureau | | 367,585 |
| Softball players association | | 115,054 |
| Coaches hall of fame | | 20,958 |
| Other tourism expenditures | | <u>369,575</u> |
| Total expenditures | \$ | <u><u>1,501,172</u></u> |
| Percentage of expenditures to revenue | | 100.0% |

4-B Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The government has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for workers' compensation, for which it is self-insured. The City pays annual premiums to the workers' compensation fund, and these premiums are used to pay related claims, claim reserves, and administrative costs. In addition, workers' compensation claims in excess of \$500,000 per covered individual are covered through a private insurer. There were no significant reductions in insurance coverage from coverage in the prior year.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-B Risk Management (continued)

The workers' compensation internal service fund pays premiums to a private insurance carrier to process and investigate claims. A reserve has been made for estimated claims incurred but not paid at December 31, 2017. The private insurance carrier estimated claims incurred but not paid at December 31, 2017 were \$620,916. Because actual claims estimates depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims estimates is reevaluated periodically to take into consideration the history, frequency, and severity of recent claims and other economic and social factors. These estimates are computed using actual claims experience amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. Due to the numerous factors affecting when claims are paid, no estimate of claims due within one year is made. For the years ended December 31, 2017, 2016, and 2015 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Twenty-three percent of the liability is attributable to the City of Dalton Board of Education. The City of Dalton Board of Education is a separate and distinct organization operating under state legislation and is not a component unit of the City.

| Year | Beginning of Fiscal Year Liability | Current Year | | End of Fiscal Year Liability |
|------|------------------------------------|----------------------|------------------------------|------------------------------|
| | | Changes in Estimates | Current Year Claims Payments | |
| 2017 | \$ 677,281 | \$ 573,661 | \$ (630,026) | \$ 620,916 |
| 2016 | 443,315 | 487,108 | (253,142) | 677,281 |
| 2015 | 466,461 | 566,260 | (589,406) | 443,315 |

The workers' compensation fund had a decrease in net position for 2017. This change in net position must be allocated among the different functions of the entities that use the workers' compensation internal service fund. The decrease was allocated based on the percentages of claims incurred for the workers' compensation fund. The following table shows the allocation of the net change to each function and activity.

| | Net Loss Allocated |
|--------------------------------|-------------------------|
| Governmental activities: | |
| General government | \$ (3,354) |
| Public safety | 3,136 |
| Public works | 34,392 |
| Culture & recreation | (7,430) |
| Total governmental activities | <u>26,744</u> |
| Business-type activities: | |
| WLSF Commission | <u>1,554</u> |
| Total business-type activities | <u>1,554</u> |
| Decrease in net position | <u><u>\$ 28,298</u></u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-B Risk Management (continued)

Of the total allocation to the governmental activities public works function, \$32,022 of net loss allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, \$7,588 of net income allocated is attributable to the City's Northwest Georgia Trade and Convention Center Authority joint venture.

The WLSF Commission has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for any potential environmental liabilities, as disclosed in Note 4-C.

The WLSF Commission maintains private insurance through its participation with GPC and agreements of indemnity with the NRC to cover third-party liability arising from a nuclear incident, which might occur at the nuclear plants in which the WLSF Commission has an interest. In the event a public liability loss arising from a nuclear incident at a facility currently covered by government indemnification exceeds \$450,000,000, under the current provisions of the Price-Anderson Act, the owners of a nuclear power plant could be assessed a deferred assessment of up to \$127,317,750 per incident for each licensed reactor operated by it, but not more than \$18,963,000 per reactor per incident to be paid in a calendar year. The WLSF Commission is liable for its share of any such deferred assessment, based on its ownership percentage in nuclear plants as set forth in Note 1.

GPC, on behalf of all co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited ("NEIL"). NEIL is a mutual insurer established to provide insurance coverage against property damage to its members' nuclear generating facilities. In the event that losses exceed accumulated reserve funds, the members are subject to retroactive premium assessments in proportion to their participation in the mutual insurer. The WLSF Commission's maximum annual assessment would be \$2,293,447 under current policies.

All retrospective assessments, whether generated for liability, property, or replacement power, may be subject to applicable state premium taxes.

4-C Commitments and Contingent Liabilities

Vogtle Units 3 & 4 nuclear development – The WLSF Commission is participating with GPC and the other joint owners of the Vogtle plant in the construction of two additional nuclear units at the site. The revised estimated certified cost for the WLSF Commission's 1.6% of the total cost was \$237 million as of December 31, 2017. The sources of construction funds for the WLSF Commission's portion of Vogtle Units 3 and 4 will be from a combination of internally generated funds and investment funds restricted for renewals and extensions. Through December 31, 2017, the WLSF Commission has spent \$108.9 million on the new nuclear units under construction, net of the \$59.3 million received from Toshiba in 2017 under the Guarantee Settlement Agreement (discussed below), all of which is included in construction in progress in Note 3-E.

In 2008, GPC, acting for itself and as agent for OPC, the MEAG, and the WLSF Commission (collectively, the "Owners"), entered into an agreement with a consortium consisting of Westinghouse Electric Company, LLC ("Westinghouse") and Stone & Webster, Inc., which was subsequently acquired by Westinghouse and changed its name to WECTEC Global Project Services Inc. ("WECTEC"), (Westinghouse and WECTEC, collectively, the "Contractor") pursuant to which the Contractor agreed to design, engineer, procure, construct, and test two AP1000 nuclear units with electric generating capacity of approximately 1,100 MWs each and related facilities at Plant Vogtle (the "Vogtle 3 & 4 Agreement").

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-C Commitments and Contingent Liabilities (continued)

Under the terms of the Vogtle 3 & 4 Agreement, the Owners agreed to pay a purchase price subject to certain price escalations and adjustments, including fixed escalation amounts and index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. Toshiba Corporation guaranteed certain payment obligations of Westinghouse under the Vogtle 3 and 4 Agreement (the "Toshiba Guarantee"), including any liability of Westinghouse for abandonment of work. Until March 2017, construction on the units continued under the substantially fixed-price Vogtle 3 and 4 Agreement.

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Owners, entered into an interim assessment agreement with the Contractor and WECTEC Staffing Services LLC ("WECTEC Staffing"), as of March 29, 2017 (the "Interim Assessment Agreement"), to provide for a continuation of work with respect to Plant Vogtle Units 3 and 4. The Interim Assessment Agreement expired on July 27, 2017, upon the effective date of the Services Agreement discussed below. Subsequent to Westinghouse's bankruptcy filing, a number of subcontractors to Westinghouse alleged non-payment by Westinghouse for amounts owed for work performed on Vogtle Units 3 and 4. GPC, acting for itself and as agent for the co-owners, has taken actions to remove liens on the site filed by those subcontractors through the posting of surety bonds. Related to such liens, certain subcontractors have filed, and additional subcontractors may file, actions against Westinghouse and the co-owners to preserve their payment rights with respect to such claims. All amounts associated with the removal of subcontractor liens and other Westinghouse pre-petition accounts payable have been paid or accrued as of December 31, 2017.

On June 9, 2017, GPC and the other co-owners and Toshiba entered into a settlement agreement regarding the Toshiba Guarantee (the "Guarantee Settlement Agreement"). Pursuant to the Guarantee Settlement Agreement, Toshiba acknowledged the amount of its obligations under the Toshiba Guarantee was \$3.7 billion (the "Guarantee Obligations"), of which our proportionate share was \$59.3 million. The Guarantee Settlement Agreement provided for a schedule of payments for the Guarantee Obligations beginning in October 2017 and continuing through January 2021. Toshiba made the first three payments as scheduled. On December 8, 2017, the co-owners, certain affiliates of MEAG, and Toshiba entered into Amendment No. 1 to the Guarantee Settlement Agreement (the "Settlement Agreement Amendment"). Under the Settlement Agreement Amendment Toshiba satisfied the remaining scheduled payment obligations on December 14, 2017, and was deemed to be the owner of certain pre-petition bankruptcy claims of the co-owners and certain affiliates of MEAG against Westinghouse. Additionally, the co-owners surrendered certain letters of credit securing a portion of Westinghouse's potential obligations under the EPC Agreement.

Effective in July 2017, GPC, acting for itself and as agent for the other Vogtle Owners, and Westinghouse entered into the Vogtle Services Agreement, whereby Westinghouse will provide facility design and engineering services, procurement and technical support, and staff augmentation. The Vogtle Services Agreement will continue until the start-up and testing of Vogtle Units 3 and 4 are complete and electricity is generated and sold from both units. The Vogtle Services Agreement is terminable by the Vogtle Owners upon 30 days written notice.

In October 2017, GPC, acting for itself and as agent for the co-owners, entered into a construction completion agreement with Bechtel Power Corporation ("Bechtel"), whereby Bechtel will serve as the primary contractor for the remaining construction activities for Vogtle 3 and 4 (the "Bechtel Agreement"). Each Vogtle owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Bechtel Agreement. The Vogtle Owners may terminate the Bechtel Agreement at any time for their convenience, provided that the Vogtle owners will be required to pay amounts related to work performed prior to the termination, certain termination-related costs, and, at certain stages of the work, the applicable portion of the at-risk fee. Bechtel may terminate the Bechtel Agreement under certain circumstances, including certain Vogtle owner suspensions of work, certain breaches of the Bechtel Agreement by the Vogtle owners, Vogtle owner insolvency, and certain other events.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-C Commitments and Contingent Liabilities (continued)

In November 2017, the co-owners entered into an amendment to their joint ownership agreements for Vogtle 3 and 4 (as amended, the "Joint Ownership Agreements") to provide for, among other conditions, additional co-owner approval requirements. Pursuant to the Joint Ownership Agreements, the holders of at least 90% of the ownership interests in Vogtle 3 and 4 must vote to continue construction if certain adverse events occur, including the bankruptcy of Toshiba, termination or rejection in bankruptcy of certain agreements, including the Services Agreement or the Bechtel Agreement, and the Georgia Public Service Commission or GPC determines that any of GPC's costs relating to the construction will not be recovered in retail rates because such costs are deemed unreasonable or imprudent or an increase in the construction budget contained in GPC's seventeenth Vogtle construction monitoring ("VCM") report of more than \$1 billion or extension of the project schedule contained in the seventeenth VCM report of more than one year.

We expect Vogtle Units 3 and 4 to be placed in service by November 2021 and November 2022, respectively. As construction continues risks remain that construction-related challenges, including management of contractors, subcontractors, and vendors, labor productivity and availability, fabrication, delivery, assembly, and installation of plant systems, structures and components (some of which are based on new technology and have not yet operated in the global nuclear industry at this scale), or other issues could further impact the projected schedule and estimated cost.

The ultimate outcome of these matters cannot be determined at this time.

General litigation matters – The WLSF Commission is subject to certain claims and legal actions arising in the ordinary course of business. Litigation over claims of various types, including property damage, personal injury, common law nuisance, and citizen enforcement of environmental requirements, has increased generally throughout the U.S. The ultimate outcome of such pending or potential litigation against the WLSF Commission cannot be predicted at this time; however, for current proceedings not specifically reported herein, management does not anticipate that the ultimate liabilities, if any, arising from such current proceedings would have a material effect on the WLSF Commission's financial statements.

Certain environmental contingencies and litigation - The WLSF Commission is subject to present and developing environmental regulations by various federal, state, and local jurisdictions.

Five-year permit for wastewater treatment - During 1997, the WLSF Commission was issued a five-year permit for its wastewater treatment systems by the Environmental Protection Division ("EPD") of the Georgia Department of Natural Resources. The permit was contingent upon the undertaking by the WLSF Commission to make certain improvements to its wastewater treatment systems and included a compliance schedule for those improvements. The WLSF Commission completed all improvements required under the 1997 permit. In March 2002, the WLSF Commission requested and received a two-year extension of the permit to allow time for a full watershed assessment to be performed. The assessment was completed on December 24, 2003 and a permit renewal application was submitted in accordance with the requirements of the existing permit. The existing five-year permit was issued March 26, 2007, and expired March 25, 2012. On March 23, 2012, the WLSF Commission was granted an indefinite extension by the EPD on its existing permit while its application for a reissuance of the five-year permit is evaluated. On March 23, 2015, a new permit was received by the WLSF Commission, effective April 1, 2015 but was appealed. It was amended on October 13, 2015 and will expire at midnight on March 31, 2020.

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2017, the WLSF Commission incurred purchased gas expense of \$20,600,000 and purchased electricity expense of \$48,600,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated May 31, 2018.

The City and Whitfield County share equally in operations of the DWRSWMA, which operates solid waste disposal sites within Whitfield County. Administration is accomplished through a five-member board with each government appointing two members and those four appointing the fifth member. Current expenditures are funded through user fees and, if necessary, equal transfers from both governments. The City's equity interest in this joint venture is reported as an enterprise fund. The City's share of the resulting income or loss from the joint venture is shown separately as charge for services on the statement of activities.

State and federal laws and regulations require the DWRSWMA to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the DWRSWMA reports a portion of the closure and post-closure care costs as a non-operating expense in each period based on landfill capacity used as of each balance sheet date. The accrual for closure and post-closure cost is summarized by location as follows:

| Landfill sites: | Westside | Old Dixie II, IV, & V | Old Dixie VI Sites I & II | Old Dixie VI Sites III & IV | Balefill | Total |
|--|-------------------|--------------------------|------------------------------|--------------------------------|---------------------|----------------------|
| Estimated future costs: | | | | | | |
| Closure | Completed | Completed | \$ 3,216,000 | \$ 2,217,000 | \$ 1,767,000 | \$ 7,200,000 |
| Post-closure | \$ 542,000 | \$ 1,348,000 | 2,165,000 | 1,493,000 | 1,243,000 | 6,791,000 |
| | 542,000 | 1,348,000 | 5,381,000 | 3,710,000 | 3,010,000 | 13,991,000 |
| Percentage of total landfill capacity used as of | | | | | | |
| December 31, 2017 | 100.0% | 100.0% | 100.0% | 64.0% | 76.6% | |
| | 542,000 | 1,348,000 | 5,381,000 | 2,374,000 | 2,305,000 | 11,950,000 |
| Land acquisition | 50,000 | - | - | - | - | 50,000 |
| Accrual at 12/31/17 | <u>\$ 592,000</u> | <u>\$ 1,348,000</u> | <u>\$ 5,381,000</u> | <u>\$ 2,374,000</u> | <u>\$ 2,305,000</u> | <u>\$ 12,000,000</u> |

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of \$1,991,000 as the remaining capacity is filled. Estimated remaining landfill life is more than 30 years. The above estimates are based on what it would cost to perform all closure and post-closure care in 2017. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

The DWRSWMA landfill closure and post-closure requirements are being funded from user fees and interest earned from investments. If these revenues are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by charges to future landfill users.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-D Joint Ventures (continued)

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated August 1, 2017, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2016 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2017 are as follows:

Statement of Net Position

| | |
|--|----------------------|
| Assets | |
| Current assets | \$ 19,148,687 |
| Capital assets, net | <u>20,825,947</u> |
| Total assets | <u>39,974,634</u> |
| | |
| Deferred outflows of resources | <u>125,373</u> |
| | |
| Total assets and deferred outflows | <u>\$ 40,100,007</u> |
| | |
| Liabilities | |
| Current liabilities | \$ 987,969 |
| Non-current liabilities | <u>13,628,952</u> |
| Total liabilities | <u>14,616,921</u> |
| | |
| Deferred inflows of resources | <u>193,341</u> |
| | |
| Net position | <u>25,289,745</u> |
| | |
| Total liabilities, deferred inflows, and net position | <u>\$ 40,100,007</u> |

Statement of Revenues, Expenses, and Changes in Fund Net Position

| | |
|-----------------------------------|----------------------|
| Operating revenues | \$ 6,875,696 |
| Operating expenses | 3,925,780 |
| Depreciation | <u>1,518,026</u> |
| Operating income (loss) | 1,431,890 |
| Non-operating revenues (expenses) | <u>(128,229)</u> |
| Change in net position | 1,303,661 |
| Beginning net position | <u>23,986,084</u> |
| Ending net position | <u>\$ 25,289,745</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated May 25, 2018.

The City and Whitfield County share equally in operations of the Convention Center, which operates to promote tourism within the City of Dalton and Whitfield County by hosting conventions, special events, and trade shows. Current expenditures are funded through user fees and, if necessary, equal transfers from both governments. The City's equity interest in this joint venture is reported as an enterprise fund. The City's share of the resulting income or loss from the joint venture is shown separately as charge for services on the statement of activities.

Condensed audited financial statements for the Convention Center at December 31, 2017 are as follows:

Statement of Net Position

| | |
|------------------------------------|----------------------|
| Assets | |
| Current assets | \$ 737,439 |
| Capital assets, net | <u>10,147,747</u> |
| Total assets | <u>\$ 10,885,186</u> |
| | |
| Current liabilities | <u>\$ 494,313</u> |
| | |
| Net position | <u>10,390,873</u> |
| | |
| Total liabilities and net position | <u>\$ 10,885,186</u> |

Statement of Revenues, Expenses, and Changes in Fund Net Position

| | |
|-----------------------------------|----------------------|
| Operating revenues | \$ 1,269,660 |
| Operating expenses | 1,729,522 |
| Depreciation | <u>561,805</u> |
| Operating income (loss) | (1,021,667) |
| Non-operating revenues (expenses) | <u>1,246,599</u> |
| Change in net position | 224,932 |
| Beginning net position | <u>10,165,941</u> |
| Ending net position | <u>\$ 10,390,873</u> |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated June 18, 2018.

The City and Whitfield County share equally in operations of the JDA, which operates to promote economic development within the City of Dalton and Whitfield County. Current expenditures are funded through equal transfers from both governments and a large donation from a local advised fund. The City's transfer to this entity is shown as an expenditure of the general fund, and the City's equity interest in this joint venture is shown as an investment in a joint venture for governmental activities in the government-wide statement of net position. The City's share of the resulting income or loss from the joint venture is shown as an expense for economic development on the statement of activities.

Condensed audited financial statements for the JDA at December 31, 2017 are as follows:

Statement of Net Position

| | |
|------------------------------------|---------------------|
| Assets | |
| Current assets | \$ 1,230,482 |
| Capital assets, net | 5,138 |
| Total assets | <u>\$ 1,235,620</u> |
| | |
| Current liabilities | <u>\$ 284,187</u> |
| | |
| Net position | <u>951,433</u> |
| | |
| Total liabilities and net position | <u>\$ 1,235,620</u> |

Statement of Activities

| | |
|-------------------------------|-------------------|
| Program revenues | \$ 538,850 |
| Intergovernmental revenues | 315,185 |
| Economic development expenses | <u>394,145</u> |
| Change in net position | 459,890 |
| Beginning net position | <u>491,543</u> |
| Ending net position | <u>\$ 951,433</u> |

4-E Component Unit

The City of Dalton Building Authority is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City of Dalton Board of Education, Whitfield County, Georgia, and the City of Dalton, Georgia each have outstanding debt in the Building Authority's name, as discussed in Note 3-I. All debt proceeds and payments related to Building Authority issued debt flow through the Building Authority. The entity reports inflows from the City of Dalton Board of Education, Whitfield County, and the City as transfers in and reports the related outflows of principal, interest, and sinking fund payments as debt service expenditures, as the entity is primarily a conduit for the respective governmental entities. The Building Authority holds various cash balances from proceeds from debt on behalf of the City or of the Board of Education. Amounts held in the Building Authority's cash account are reported as a receivable or payable in the financials.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-F Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of \$2,000,000 to finance capital improvements within the City of Dalton for the benefit of the school system. The amount of the bonds outstanding as of December 31, 2017 is \$2,000,000. The payments on the qualified zone academy bonds are made annually to a sinking fund and will be used to retire the debt in 2018. The total held in the sinking fund as of December 31, 2017 is \$2,184,925.

The City of Dalton Building Authority issued revenue bonds during 2015 to finance SPLOST projects within Whitfield County. Based on an intergovernmental agreement, the City is responsible for repayment of \$8,505,956 and Whitfield County is responsible for repayment of \$18,434,044, as disclosed in Note 3-I. The amount of the bonds outstanding as of December 31, 2017 is \$13,652,000. Prepayments of 2017 principal amounts due have been made to sinking funds. Those prepayments total \$3,206,216 as of December 31, 2017.

4-G Tax Abatements

The Dalton-Whitfield Joint Development Authority (a joint venture between the City and Whitfield County, as disclosed in Note 1-A) has entered into several agreements for abatement of property taxes. The JDA provides tax incentives, based upon certain criteria, to potential and existing entities for the purpose of furthering economic growth in the Dalton-Whitfield area. The JDA is not a taxing authority. The tax abatements offered are abatements of Whitfield County, Georgia property tax and City of Dalton, Georgia property tax. Whitfield County and the City must approve the tax incentive agreements prior to their execution.

The criteria that makes an entity eligible for tax abatements through the JDA include providing new capital investment and/or new jobs in the Dalton-Whitfield area. The amount of the tax abatement transaction is determined based upon a specified rubric. Planned new jobs, community investment, diversification, wage levels, project location, and other factors are considered in determining the amount of tax abatement offered to an entity. The tax abatement period for a project can last up to fifteen years.

The entity must be willing to enter into a contractual agreement with the JDA and willing to enter into a bond financed sale leaseback transaction (“Industrial Revenue Bonds”) which transfers title to improvements (land, buildings, equipment) during the life of the tax deferral/abatement plan to the JDA, as provided by Georgia state law. The local taxing jurisdictions and the public receive notice of the title transfer pursuant to an Industrial Revenue Bond validation.

Entities with tax abatements are required to file an annual report with the JDA which certifies the number of jobs created, the cumulative amount of capital investment, and other applicable measurements. In the event the entity fails to meet specified goals, a percentage method described in each agreement is used to determine the shortfall. The shortfall percentage is multiplied by the amount of taxes abated for the year for the project to arrive at a recovery payment. The recovery payment is due with the annual report.

Six tax abatement agreements are outstanding as of December 31, 2017. Reductions in tax revenues attributable to local governments are as follows:

| Government Entity | 2017 Tax Reduction |
|-------------------------------------|-----------------------|
| City of Dalton, Georgia | \$ 95,654 |
| Whitfield County, Georgia | 1,215,903 |
| City of Dalton Board of Education | 312,993 |
| Whitfield County Board of Education | 1,577,234 |

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2017

4-H Georgia DCA Grant

During 2017, the City received a \$200,000 grant from the Georgia Department of Community Affairs (“Georgia DCA”) OneGeorgia Equity Fund to use for storm water drainage improvements. A schedule detailing the grants received and expended is as follows:

Schedule of OneGeorgia Grants
From Inception and for the Year Ended December 31, 2017

| Grant # 16gq-155-2-4803 | Project Award | Prior Years | Current Year | Total to Date |
|-----------------------------------|---------------|-------------|--------------|---------------|
| Revenues | | | | |
| OneGeorgia Authority Equity Grant | \$ 200,000 | \$ - | \$ 200,000 | \$ 200,000 |
| Total Revenues | 200,000 | - | 200,000 | 200,000 |
| Expenditures | | | | |
| Stormwater drainage improvements | 200,000 | - | 200,000 | 200,000 |
| Total Expenditures | \$ 200,000 | \$ - | \$ 200,000 | \$ 200,000 |
| Excess | \$ - | \$ - | \$ - | \$ - |

4-I Subsequent Events – Debt Issuances

On February 14, 2018 the City of Dalton Building Authority issued revenue bonds totaling \$13,360,000 for use by the City of Dalton Board of Education to fund capital outlay projects for the school district, including the purchase of land to be used for a new facility. The interest rate on the bonds is 1.989% and the maturity date is February 1, 2023.

On April 12, 2018, the City of Dalton issued general obligation bonds totaling \$40,380,000 for use by the City of Dalton Board of Education to fund capital outlay projects for the school district, including the construction and equipping of a new facility. The interest rate on the bonds is 3.857% and the maturity date is February 1, 2048.

On April 17, 2018 the City of Dalton Building Authority issued revenue bonds totaling \$3,200,000 for use by Whitfield County, Georgia to fund construction of a fire station. The interest rate on the bonds is 3.140% and the maturity date is December 31, 2029.

Management has evaluated subsequent events through June 29, 2018, the date the financial statements were available to be issued.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
December 31, 2017

| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|
| Total pension liability: | | | |
| Service cost | \$ 1,743,901 | \$ 1,652,021 | \$ 1,592,733 |
| Expected interest growth | 8,238,500 | 8,495,017 | 8,713,989 |
| Demographic experience | (1,273,686) | 216,267 | (54,192) |
| Benefit payments and refunds | (6,513,889) | (6,904,562) | (7,133,475) |
| Assumption changes | <u>1,890,054</u> | <u>-</u> | <u>-</u> |
| Net change in total pension liability | 4,084,880 | 3,458,743 | 3,119,055 |
| Total pension liability - beginning (a) | <u>122,337,634</u> | <u>126,422,514</u> | <u>129,881,257</u> |
| Total pension liability - ending (c) | <u>\$ 126,422,514</u> | <u>\$ 129,881,257</u> | <u>\$ 133,000,312</u> |
| Plan fiduciary net position: | | | |
| Employer contributions | \$ 7,099,703 | \$ 6,841,734 | \$ 7,225,029 |
| Employee contributions | 784,871 | 769,249 | 727,343 |
| Benefit payments and refunds | (6,513,878) | (6,904,591) | (7,133,475) |
| Administrative expenses | (59,791) | (42,900) | (59,239) |
| Expected interest growth | 5,718,288 | 5,800,923 | 6,299,827 |
| Unexpected investment income | <u>(5,527,933)</u> | <u>814,584</u> | <u>5,258,879</u> |
| Net change in plan fiduciary net position | 1,501,260 | 7,278,999 | 12,318,364 |
| Plan fiduciary net position - beginning (b) | <u>83,354,643</u> | <u>84,855,903</u> | <u>92,134,902</u> |
| Plan fiduciary net position - ending (d) | <u>\$ 84,855,903</u> | <u>\$ 92,134,902</u> | <u>\$ 104,453,266</u> |
| Net pension liability - beginning (a) - (b) | <u>\$ 38,982,991</u> | <u>\$ 41,566,611</u> | <u>\$ 37,746,355</u> |
| Net pension liability - ending (c) - (d) | <u>\$ 41,566,611</u> | <u>\$ 37,746,355</u> | <u>\$ 28,547,046</u> |
| Pension Plan's fiduciary net position as a percentage of total pension liability | 67% | 71% | 79% |
| Covered employee payroll | \$ 16,758,095 | \$ 15,756,935 | \$ 15,113,517 |
| Net pension liability as a percentage of covered employee payroll | 248% | 240% | 189% |

Note: 2015 was the first year that data was measured in accordance with GASB 68.

Note: Only three years of information are presented in the schedule above; ten years of information will be presented as it becomes available.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress
December 31, 2017

| Measurement Date | Total Pension Liability | Fiduciary Net Position | Net Pension Liability | Funded Percentage | Covered Payroll | Net Pension Liability as a % of Covered Payroll |
|-------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------|------------------------|--|
| 01/01/2009 | \$ 74,982,215 | \$ 50,049,875 | \$ 24,932,340 | 67% | \$ 23,258,581 | 107% |
| 01/01/2010 | 90,051,325 | 55,261,296 | 34,790,029 | 61% | 21,418,412 | 162% |
| 01/01/2011 | 94,177,910 | 60,426,552 | 33,751,358 | 64% | 21,461,361 | 157% |
| 01/01/2012 | 96,181,160 | 61,883,573 | 34,297,587 | 64% | 19,632,308 | 175% |
| 01/01/2013 | 103,250,126 | 66,758,929 | 36,491,197 | 65% | 17,874,717 | 204% |
| 12/31/2013 | 118,614,630 | 75,640,022 | 42,974,608 | 64% | 17,324,713 | 248% |
| 12/31/2014 | 122,337,631 | 83,354,743 | 38,982,888 | 68% | 17,324,713 | 225% |
| 12/31/2015 | 126,422,514 | 84,855,903 | 41,566,611 | 67% | 16,758,095 | 248% |
| 12/31/2016 | 129,881,257 | 92,134,902 | 37,746,355 | 71% | 15,756,935 | 240% |
| 12/31/2017 | 133,000,312 | 104,453,266 | 28,547,046 | 79% | 15,113,517 | 189% |

Note: 2015 was the first year that data was measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Actuarially Determined Contributions
December 31, 2017

| Year End | Actuarially Determined Contribution (1) | Contributions Recognized by the Plan (2) | Difference Between (1) and (2) | Covered Payroll | Contributions as a % of Covered Payroll |
|---------------------|--|---|---|----------------------------|--|
| 12/31/2008 | \$ 2,624,838 | \$ 2,624,838 | \$ - | \$ 24,817,638 | 11% |
| 12/31/2009 | 3,214,925 | 3,214,925 | - | 23,258,581 | 14% |
| 12/31/2010 | 3,657,993 | 3,657,993 | - | 21,418,412 | 17% |
| 12/31/2011 | 3,977,435 | 3,977,435 | - | 21,461,361 | 19% |
| 12/31/2012 | 4,220,538 | 4,220,538 | - | 19,632,308 | 21% |
| 12/31/2013 | 4,374,373 | 4,374,373 | - | 17,874,717 | 24% |
| 12/31/2014 | 6,789,929 | 6,789,929 | - | 17,324,713 | 39% |
| 12/31/2015 | 7,099,703 | 7,099,703 | - | 16,758,095 | 42% |
| 12/31/2016 | 6,657,107 | 6,841,734 | (184,627) | 15,756,935 | 43% |
| 12/31/2017 | 7,409,656 | 7,225,029 | 184,627 | 15,113,517 | 48% |

Note: 2015 was the first year that data was measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information
December 31, 2017

Schedule of Annual Money-Weighted Rates of Return, Net of Investment Expense:

| | |
|-------------------|--------|
| December 31, 2017 | 12.72% |
|-------------------|--------|

Notes to the Required Supplementary Information:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

| | |
|---------------------------|--|
| Employers reporting date: | December 31, 2017 |
| Measurement date: | December 31, 2017 |
| Actuarial valuation date: | January 1, 2017 |
| Actuarial cost method: | Entry age normal cost method |
| Amortization method: | The unfunded actuarial accrued liability is amortized over a 10 year period with level dollar payments. |
| Asset method: | The actuarial value of assets is equal to the market value of assets. |
| Interest (discount) rate: | 6.81% per annum |
| Salary increases: | Pension Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual Pension Plan compensation is known for a prior Pension Plan year. |

No significant Pension Plan changes have been adopted since the completion of the previous valuation.

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

COMBINING FINANCIAL STATEMENTS **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond, capital lease, and notes payable principal and interest from governmental resources.

Capital Projects Funds

The Capital Projects Funds are used to account for the resources that are restricted, committed, or assigned for certain capital outlays. Ongoing capital outlays that are accounted for in these funds include SPLOST and LOST projects as well as general capital acquisition.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|---|--|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 214,615 | \$ 48,363 | \$ 5,225,355 | \$ 5,488,333 |
| Receivables: | | | | |
| Accounts | 102,311 | - | - | 102,311 |
| Taxes | 110 | - | - | 110 |
| Intergovernmental - federal | 8,146 | - | - | 8,146 |
| Intergovernmental - local | - | 115,043 | 2,480,641 | 2,595,684 |
| Interfund | - | - | 20,670 | 20,670 |
| Prepaid items | 40 | - | - | 40 |
| Total Assets | <u>\$ 325,222</u> | <u>\$ 163,406</u> | <u>\$ 7,726,666</u> | <u>\$ 8,215,294</u> |
| Liabilities | | | | |
| Accounts payable | \$ 84,295 | \$ - | \$ 726,372 | \$ 810,667 |
| Accrued interest payable | - | 115,043 | - | 115,043 |
| Interfund payable | 46,213 | - | 724,575 | 770,788 |
| Unearned revenue | - | 48,353 | - | 48,353 |
| Total Liabilities | <u>130,508</u> | <u>163,396</u> | <u>1,450,947</u> | <u>1,744,851</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | <u>78</u> | <u>-</u> | <u>-</u> | <u>78</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid items | 40 | - | - | 40 |
| Restricted for: | | | | |
| Economic development | 66,553 | - | - | 66,553 |
| Public safety | 128,041 | - | - | 128,041 |
| Housing and development | 2 | - | - | 2 |
| Debt service | - | 10 | - | 10 |
| Capital projects | - | - | 6,275,719 | 6,275,719 |
| Total Fund Balances | <u>194,636</u> | <u>10</u> | <u>6,275,719</u> | <u>6,470,365</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 325,222</u> | <u>\$ 163,406</u> | <u>\$ 7,726,666</u> | <u>\$ 8,215,294</u> |

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|---|--|--|
| Revenues | | | | |
| Real and personal property taxes | \$ 4,581 | \$ - | \$ - | \$ 4,581 |
| Hotel motel tax | 1,501,172 | - | - | 1,501,172 |
| Intergovernmental - federal | 511,995 | - | - | 511,995 |
| Intergovernmental - state | 3,790 | - | 1,154,738 | 1,158,528 |
| Intergovernmental - local | 45,910 | 53,000 | 10,131,866 | 10,230,776 |
| Fines and forfeitures | 83,181 | - | - | 83,181 |
| Investment earnings | 615 | 101,372 | 67,156 | 169,143 |
| Miscellaneous | 38,180 | - | - | 38,180 |
| Total Revenues | <u>2,189,424</u> | <u>154,372</u> | <u>11,353,760</u> | <u>13,697,556</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 88,480 | - | 1,083 | 89,563 |
| Public safety | 60,658 | - | 31,226 | 91,884 |
| Public works | - | - | 1,234,390 | 1,234,390 |
| Health and welfare | 26,408 | - | - | 26,408 |
| Culture and recreation | 528,828 | - | 92,086 | 620,914 |
| Capital Outlay | | | | |
| General government | 157,038 | - | 1,838,180 | 1,995,218 |
| Public safety | - | - | 401,044 | 401,044 |
| Public works | - | - | 4,986,251 | 4,986,251 |
| Culture and recreation | 270,767 | - | 2,888,245 | 3,159,012 |
| Debt Service: | | | | |
| Principal retirement | - | 536,678 | 2,113,612 | 2,650,290 |
| Interest and fiscal charges | - | 241,012 | 83,313 | 324,325 |
| Total Expenditures | <u>1,132,179</u> | <u>777,690</u> | <u>13,669,430</u> | <u>15,579,299</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,057,245</u> | <u>(623,318)</u> | <u>(2,315,670)</u> | <u>(1,881,743)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 23,888 | 623,159 | 480,820 | 1,127,867 |
| Transfers out | (980,483) | - | - | (980,483) |
| Total Other Financing Sources (Uses) | <u>(956,595)</u> | <u>623,159</u> | <u>480,820</u> | <u>147,384</u> |
| Net Change in Fund Balances | 100,650 | (159) | (1,834,850) | (1,734,359) |
| Fund Balances Beginning of Year | <u>93,986</u> | <u>169</u> | <u>8,110,569</u> | <u>8,204,724</u> |
| Fund Balances End of Year | <u>\$ 194,636</u> | <u>\$ 10</u> | <u>\$ 6,275,719</u> | <u>\$ 6,470,365</u> |

GENERAL FUND

The General Fund accounts for all sources of financial resources applicable to the general operations of the City which are not account for in another fund.

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 15,613,845 | \$ 17,939,475 |
| Investments | 6,618,081 | 1,156,275 |
| Receivables: | | |
| Accounts | 1,181,399 | 1,329,212 |
| Taxes | 1,029,368 | 973,117 |
| Intergovernmental - federal | 2,168 | 1,724 |
| Intergovernmental - state | 723 | 574 |
| Intergovernmental - local | 314,208 | 229,883 |
| Interfund | 813,195 | 1,453,783 |
| Inventory | 170,031 | 207,651 |
| Prepaid items | 1,649 | 41,411 |
| Total Assets | <u>\$ 25,744,667</u> | <u>\$ 23,333,105</u> |
| Liabilities | | |
| Accounts payable | \$ 654,621 | \$ 371,400 |
| Accrued expenditures | 604,719 | 563,441 |
| Unearned revenue | 144,385 | 119,695 |
| Interfund payable | - | 256,772 |
| Total Liabilities | <u>1,403,725</u> | <u>1,311,308</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue - property taxes | <u>490,460</u> | <u>760,281</u> |
| Fund Balances | | |
| Nonspendable: | | |
| Inventory | 170,031 | 207,651 |
| Prepaid items | 1,649 | 41,411 |
| Restricted: | | |
| Public works (cemetery chapel renovation) | 89,974 | 89,974 |
| Public works (streetscape) | 15,000 | - |
| Culture and recreation (greenway project) | 10,000 | 10,000 |
| Unassigned | 23,563,828 | 20,912,480 |
| Total Fund Balances | <u>23,850,482</u> | <u>21,261,516</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 25,744,667</u> | <u>\$ 23,333,105</u> |

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|-----------------------------------|----------------------------|-------------------------|-------------------|-----------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Taxes: | | | | | |
| Real and personal property taxes | \$ 8,088,255 | \$ 8,772,605 | \$ 8,818,238 | \$ 45,633 | \$ 8,142,248 |
| Vehicle tax | 140,000 | 126,000 | 126,497 | 497 | 155,598 |
| Title ad valorem tax | 800,100 | 1,090,000 | 1,116,315 | 26,315 | 937,747 |
| Sales tax | 5,406,000 | 5,365,000 | 5,365,013 | 13 | 4,859,185 |
| Insurance premium tax | 2,066,000 | 2,200,000 | 2,200,390 | 390 | 2,066,095 |
| Recording intangibles | 35,000 | 40,000 | 40,669 | 669 | 43,826 |
| Franchise tax | 529,000 | 497,000 | 497,696 | 696 | 523,655 |
| Real estate transfer tax | 16,000 | 13,000 | 13,427 | 427 | 15,894 |
| Beer tax | 539,000 | 548,000 | 548,966 | 966 | 549,301 |
| Wine tax | 75,000 | 76,000 | 76,387 | 387 | 75,372 |
| Liquor tax | 88,000 | 89,000 | 89,245 | 245 | 86,687 |
| Mixed drink tax | 65,000 | 74,000 | 74,585 | 585 | 65,405 |
| Total taxes | 17,847,355 | 18,890,605 | 18,967,428 | 76,823 | 17,521,013 |
| Licenses and permits: | | | | | |
| Alcohol beverage licenses | 237,100 | 237,100 | 243,563 | 6,463 | 233,208 |
| Occupation tax | 730,000 | 730,000 | 742,771 | 12,771 | 734,465 |
| Other permits | 1,900 | 2,200 | 2,200 | - | 2,000 |
| Total licenses and permits | 969,000 | 969,300 | 988,534 | 19,234 | 969,673 |
| Intergovernmental: | | | | | |
| Whitfield County | 177,000 | 177,000 | 177,000 | - | 180,110 |
| Housing Authority | 48,700 | 48,700 | 48,712 | 12 | 48,712 |
| Payments in lieu of taxes | 37,000 | 30,000 | 29,926 | (74) | 63,438 |
| Federal grants and contracts | 7,300 | 32,000 | 32,685 | 685 | 8,927 |
| State grants and contracts | 354,700 | 4,000 | 4,136 | 136 | 274,734 |
| Total intergovernmental | 624,700 | 291,700 | 292,459 | 759 | 575,921 |
| Charges for services: | | | | | |
| Senior center | 56,000 | 55,300 | 51,076 | (4,224) | 50,800 |
| Program admission and fees | 145,200 | 140,900 | 156,890 | 15,990 | 123,918 |
| Concession revenue | 273,800 | 242,800 | 242,850 | 50 | 270,716 |
| Garbage and recycling revenue | 2,800 | 3,500 | 3,523 | 23 | 6,569 |
| Public works fees | 68,000 | 76,400 | 103,188 | 26,788 | 77,495 |
| Municipal court fees | 741,000 | 741,000 | 743,691 | 2,691 | 803,218 |
| Public safety fees | 46,600 | 30,100 | 38,279 | 8,179 | 36,765 |
| Cemetery fees | 39,000 | 73,500 | 74,370 | 870 | 39,610 |
| Total charges for services | 1,372,400 | 1,363,500 | 1,413,867 | 50,367 | 1,409,091 |
| Fines and forfeitures | 380,000 | 371,600 | 371,666 | 66 | 410,826 |
| Investment earnings | 90,050 | 125,250 | 126,773 | 1,523 | 90,200 |

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--------------------------------|----------------------------|--------------------------|--------------------------|-----------------------|--------------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Miscellaneous: | | | | | |
| Penalties, fines, and interest | 85,400 | 111,000 | 112,204 | 1,204 | 101,549 |
| Rental income | 236,200 | 236,100 | 240,585 | 4,485 | 235,717 |
| Donations | 13,600 | 245,800 | 261,115 | 15,315 | 50,252 |
| Sale of property | 460,000 | 42,000 | 54,872 | 12,872 | 152,401 |
| Reimbursements | 164,000 | 165,800 | 170,357 | 4,557 | 187,576 |
| Miscellaneous | 76,200 | 90,690 | 98,201 | 7,511 | 70,777 |
| Total miscellaneous | <u>1,035,400</u> | <u>891,390</u> | <u>937,334</u> | <u>45,944</u> | <u>798,272</u> |
| Total revenues | <u>\$ 22,318,905</u> | <u>\$ 22,903,345</u> | <u>\$ 23,098,061</u> | <u>\$ 194,716</u> | <u>\$ 21,774,996</u> |

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--------------------------------|----------------------------|-------------------------|----------------|-----------------|----------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Current: | | | | | |
| General Government: | | | | | |
| Legislative | | | | | |
| Personal services and benefits | \$ 64,640 | \$ 64,640 | \$ 62,413 | \$ 2,227 | \$ 63,802 |
| Other | <u>80,655</u> | <u>80,655</u> | <u>77,088</u> | <u>3,567</u> | <u>82,464</u> |
| Total | <u>145,295</u> | <u>145,295</u> | <u>139,501</u> | <u>5,794</u> | <u>146,266</u> |
| Administrative | | | | | |
| Personal services and benefits | 194,295 | 75,485 | 73,883 | 1,602 | 187,261 |
| Other | <u>301,000</u> | <u>195,810</u> | <u>170,557</u> | <u>25,253</u> | <u>329,181</u> |
| Total | <u>495,295</u> | <u>271,295</u> | <u>244,440</u> | <u>26,855</u> | <u>516,442</u> |
| City Clerk | | | | | |
| Personal services and benefits | 239,420 | 242,785 | 242,726 | 59 | 239,468 |
| Other | <u>42,500</u> | <u>39,135</u> | <u>31,823</u> | <u>7,312</u> | <u>37,344</u> |
| Total | <u>281,920</u> | <u>281,920</u> | <u>274,549</u> | <u>7,371</u> | <u>276,812</u> |
| Elections | | | | | |
| Other | <u>15,500</u> | <u>15,500</u> | <u>7,581</u> | <u>7,919</u> | - |
| Total | <u>15,500</u> | <u>15,500</u> | <u>7,581</u> | <u>7,919</u> | - |
| Finance | | | | | |
| Personal services and benefits | 334,695 | 331,810 | 325,413 | 6,397 | 320,723 |
| Other | <u>323,905</u> | <u>306,790</u> | <u>293,679</u> | <u>13,111</u> | <u>291,323</u> |
| Total | <u>658,600</u> | <u>638,600</u> | <u>619,092</u> | <u>19,508</u> | <u>612,046</u> |
| Human Resources | | | | | |
| Personal services and benefits | 288,660 | 291,895 | 290,263 | 1,632 | 286,157 |
| Other | <u>66,500</u> | <u>63,265</u> | <u>56,217</u> | <u>7,048</u> | <u>61,983</u> |
| Total | <u>355,160</u> | <u>355,160</u> | <u>346,480</u> | <u>8,680</u> | <u>348,140</u> |
| Technology | | | | | |
| Personal services and benefits | 139,875 | 143,875 | 142,136 | 1,739 | 134,781 |
| Other | <u>103,465</u> | <u>99,465</u> | <u>95,162</u> | <u>4,303</u> | <u>149,002</u> |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,443</u> |
| Total | <u>243,340</u> | <u>243,340</u> | <u>237,298</u> | <u>6,042</u> | <u>304,226</u> |
| Buildings and Grounds | | | | | |
| Other | <u>225,750</u> | <u>270,750</u> | <u>263,507</u> | <u>7,243</u> | <u>250,056</u> |
| Total | <u>225,750</u> | <u>270,750</u> | <u>263,507</u> | <u>7,243</u> | <u>250,056</u> |

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|---------------------------------|----------------------------|-------------------------|-------------------|-----------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Infrastructure | | | | | |
| Capital outlay | 10,265 | 10,315 | - | 10,315 | - |
| Total | <u>10,265</u> | <u>10,315</u> | <u>-</u> | <u>10,315</u> | <u>-</u> |
| Total General Government | <u>2,431,125</u> | <u>2,232,175</u> | <u>2,132,448</u> | <u>99,727</u> | <u>2,453,988</u> |
| Judicial: | | | | | |
| Municipal Court | | | | | |
| Personal services and benefits | 251,940 | 241,140 | 239,605 | 1,535 | 240,406 |
| Other | 224,840 | 210,640 | 197,165 | 13,475 | 193,330 |
| Total | <u>476,780</u> | <u>451,780</u> | <u>436,770</u> | <u>15,010</u> | <u>433,736</u> |
| Total Judicial | <u>476,780</u> | <u>451,780</u> | <u>436,770</u> | <u>15,010</u> | <u>433,736</u> |
| Public Safety: | | | | | |
| Fire Department | | | | | |
| Personal services and benefits | 7,831,595 | 7,616,670 | 7,605,579 | 11,091 | 7,333,406 |
| Other | 894,720 | 898,375 | 842,861 | 55,514 | 839,290 |
| Capital outlay | - | - | - | - | 40,096 |
| Total | <u>8,726,315</u> | <u>8,515,045</u> | <u>8,448,440</u> | <u>66,605</u> | <u>8,212,792</u> |
| Police Department | | | | | |
| Personal services and benefits | 6,806,355 | 6,631,720 | 6,611,990 | 19,730 | 6,375,549 |
| Other | 1,214,055 | 1,268,000 | 1,203,817 | 64,183 | 1,094,708 |
| Capital outlay | 37,000 | 20,045 | 19,995 | 50 | 55,396 |
| Total | <u>8,057,410</u> | <u>7,919,765</u> | <u>7,835,802</u> | <u>83,963</u> | <u>7,525,653</u> |
| Total Public Safety | <u>16,783,725</u> | <u>16,434,810</u> | <u>16,284,242</u> | <u>150,568</u> | <u>15,738,445</u> |
| Public Works: | | | | | |
| Public Works | | | | | |
| Personal services and benefits | 4,633,655 | 4,470,040 | 4,433,992 | 36,048 | 4,293,122 |
| Other | 2,722,955 | 2,579,470 | 2,558,420 | 21,050 | 2,384,612 |
| Capital outlay | 11,000 | 18,100 | 18,100 | - | 10,618 |
| Total | <u>7,367,610</u> | <u>7,067,610</u> | <u>7,010,512</u> | <u>57,098</u> | <u>6,688,352</u> |
| Infrastructure | | | | | |
| Other | 354,750 | - | - | - | 390,123 |
| Capital outlay | - | - | - | - | 53,253 |
| Total | <u>354,750</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>443,376</u> |
| Total Public Works | <u>7,722,360</u> | <u>7,067,610</u> | <u>7,010,512</u> | <u>57,098</u> | <u>7,131,728</u> |

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--------------------------------------|----------------------------|-------------------------|----------------------|-------------------|----------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Health and Welfare: | | | | | |
| Senior Center | | | | | |
| Personal services and benefits | 254,360 | 262,830 | 262,795 | 35 | 250,981 |
| Other | 138,790 | 133,810 | 122,800 | 11,010 | 150,510 |
| Capital outlay | 20,000 | 1,175 | - | 1,175 | - |
| Total | 413,150 | 397,815 | 385,595 | 12,220 | 401,491 |
| Special Projects | | | | | |
| Other | 201,800 | 990 | 984 | 6 | 984 |
| Total | 201,800 | 990 | 984 | 6 | 984 |
| Total Health and Welfare | 614,950 | 398,805 | 386,579 | 12,226 | 402,475 |
| Culture and Recreation: | | | | | |
| Recreation Department | | | | | |
| Personal services and benefits | 2,155,870 | 1,949,365 | 1,930,653 | 18,712 | 1,933,445 |
| Other | 1,361,400 | 1,325,905 | 1,281,107 | 44,798 | 1,217,301 |
| Capital outlay | 30,000 | 14,500 | - | 14,500 | - |
| Total | 3,547,270 | 3,289,770 | 3,211,760 | 78,010 | 3,150,746 |
| Special Projects | | | | | |
| Other | 81,000 | 281,810 | 281,810 | - | 281,810 |
| Total | 81,000 | 281,810 | 281,810 | - | 281,810 |
| Infrastructure | | | | | |
| Capital outlay | - | - | - | - | 183,436 |
| Total | - | - | - | - | 183,436 |
| Total Culture and Recreation | 3,628,270 | 3,571,580 | 3,493,570 | 78,010 | 3,615,992 |
| Housing and Development: | | | | | |
| Special Projects | | | | | |
| Other | 307,500 | 351,600 | 351,590 | 10 | 311,750 |
| Total | 307,500 | 351,600 | 351,590 | 10 | 311,750 |
| Total Housing and Development | 307,500 | 351,600 | 351,590 | 10 | 311,750 |
| Total expenditures | \$ 31,964,710 | \$ 30,508,360 | \$ 30,095,711 | \$ 412,649 | \$ 30,088,114 |

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--|----------------------------|-------------------------|---------------------|------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Police Department | | | | | |
| Administration | | | | | |
| Personal services and benefits | \$ 705,255 | \$ 695,565 | \$ 691,361 | 4,204 | \$ 623,583 |
| Other | <u>393,940</u> | <u>428,770</u> | <u>406,317</u> | <u>22,453</u> | <u>379,339</u> |
| Total | <u>1,099,195</u> | <u>1,124,335</u> | <u>1,097,678</u> | <u>26,657</u> | <u>1,002,922</u> |
| Patrol | | | | | |
| Personal services and benefits | 4,029,720 | 3,926,860 | 3,921,768 | 5,092 | 3,773,843 |
| Other | 450,585 | 479,570 | 471,461 | 8,109 | 380,629 |
| Capital outlay | <u>37,000</u> | <u>20,045</u> | <u>19,995</u> | <u>50</u> | <u>-</u> |
| Total | <u>4,517,305</u> | <u>4,426,475</u> | <u>4,413,224</u> | <u>13,251</u> | <u>4,154,472</u> |
| Criminal Investigation Division | | | | | |
| Personal services and benefits | 1,199,400 | 1,214,785 | 1,209,435 | 5,350 | 1,145,013 |
| Other | <u>114,040</u> | <u>100,690</u> | <u>86,745</u> | <u>13,945</u> | <u>98,123</u> |
| Total | <u>1,313,440</u> | <u>1,315,475</u> | <u>1,296,180</u> | <u>19,295</u> | <u>1,243,136</u> |
| Support Services | | | | | |
| Personal services and benefits | 871,980 | 794,510 | 789,426 | 5,084 | 833,110 |
| Other | 255,490 | 258,970 | 239,294 | 19,676 | 236,617 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,396</u> |
| Total | <u>1,127,470</u> | <u>1,053,480</u> | <u>1,028,720</u> | <u>24,760</u> | <u>1,125,123</u> |
| Total Police Department | <u>\$ 8,057,410</u> | <u>\$ 7,919,765</u> | <u>\$ 7,835,802</u> | <u>\$ 83,963</u> | <u>\$ 7,525,653</u> |

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--------------------------------|----------------------------|-------------------------|---------------------|------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Public Works Department | | | | | |
| Administration | | | | | |
| Personal services and benefits | \$ 586,880 | \$ 491,840 | \$ 489,205 | \$ 2,635 | \$ 504,516 |
| Other | <u>778,275</u> | <u>706,745</u> | <u>702,794</u> | <u>3,951</u> | <u>576,447</u> |
| Total | <u>1,365,155</u> | <u>1,198,585</u> | <u>1,191,999</u> | <u>6,586</u> | <u>1,080,963</u> |
| Street | | | | | |
| Personal services and benefits | 809,585 | 755,505 | 745,802 | 9,703 | 702,831 |
| Other | <u>233,285</u> | <u>247,300</u> | <u>243,682</u> | <u>3,618</u> | <u>197,772</u> |
| Total | <u>1,042,870</u> | <u>1,002,805</u> | <u>989,484</u> | <u>13,321</u> | <u>900,603</u> |
| Sanitation | | | | | |
| Personal services and benefits | 1,631,480 | 1,522,460 | 1,511,265 | 11,195 | 1,592,990 |
| Other | <u>360,650</u> | <u>348,200</u> | <u>347,275</u> | <u>925</u> | <u>365,147</u> |
| Total | <u>1,992,130</u> | <u>1,870,660</u> | <u>1,858,540</u> | <u>12,120</u> | <u>1,958,137</u> |
| Shop | | | | | |
| Personal services and benefits | 532,170 | 558,945 | 558,418 | 527 | 510,029 |
| Other | <u>702,995</u> | <u>700,225</u> | <u>700,089</u> | <u>136</u> | <u>672,499</u> |
| Total | <u>1,235,165</u> | <u>1,259,170</u> | <u>1,258,507</u> | <u>663</u> | <u>1,182,528</u> |
| Traffic engineer | | | | | |
| Personal services and benefits | 444,995 | 421,485 | 413,685 | 7,800 | 409,396 |
| Other | <u>94,525</u> | <u>88,925</u> | <u>88,805</u> | <u>120</u> | <u>97,359</u> |
| Total | <u>539,520</u> | <u>510,410</u> | <u>502,490</u> | <u>7,920</u> | <u>506,755</u> |
| Landscaping | | | | | |
| Personal services and benefits | 351,255 | 438,765 | 438,651 | 114 | 313,938 |
| Other | 271,170 | 222,270 | 217,432 | 4,838 | 217,200 |
| Capital outlay | <u>11,000</u> | <u>18,100</u> | <u>18,100</u> | <u>-</u> | <u>10,618</u> |
| Total | <u>633,425</u> | <u>679,135</u> | <u>674,183</u> | <u>4,952</u> | <u>541,756</u> |
| Stormwater | | | | | |
| Personal services and benefits | 277,290 | 281,040 | 276,966 | 4,074 | 259,422 |
| Other | <u>282,055</u> | <u>265,805</u> | <u>258,343</u> | <u>7,462</u> | <u>258,188</u> |
| Total | <u>559,345</u> | <u>546,845</u> | <u>535,309</u> | <u>11,536</u> | <u>517,610</u> |
| Total Public Works | <u>\$ 7,367,610</u> | <u>\$ 7,067,610</u> | <u>\$ 7,010,512</u> | <u>\$ 57,098</u> | <u>\$ 6,688,352</u> |

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--------------------------------|----------------------------|-------------------------|---------------------|------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Recreation Department | | | | | |
| Administration | | | | | |
| Personal services and benefits | \$ 901,545 | \$ 820,300 | \$ 813,882 | \$ 6,418 | \$ 825,950 |
| Other | <u>166,700</u> | <u>162,775</u> | <u>156,562</u> | <u>6,213</u> | <u>145,272</u> |
| Total | <u>1,068,245</u> | <u>983,075</u> | <u>970,444</u> | <u>12,631</u> | <u>971,222</u> |
| Programs | | | | | |
| Personal services and benefits | 366,130 | 353,405 | 348,321 | 5,084 | 352,810 |
| Other | <u>477,800</u> | <u>426,230</u> | <u>418,407</u> | <u>7,823</u> | <u>375,188</u> |
| Total | <u>843,930</u> | <u>779,635</u> | <u>766,728</u> | <u>12,907</u> | <u>727,998</u> |
| Parks | | | | | |
| Personal services and benefits | 888,195 | 775,660 | 768,450 | 7,210 | 754,685 |
| Other | 716,900 | 736,900 | 706,138 | 30,762 | 696,841 |
| Capital outlay | <u>30,000</u> | <u>14,500</u> | <u>-</u> | <u>14,500</u> | <u>-</u> |
| Total | <u>1,635,095</u> | <u>1,527,060</u> | <u>1,474,588</u> | <u>52,472</u> | <u>1,451,526</u> |
| Total Recreation Department | <u>\$ 3,547,270</u> | <u>\$ 3,289,770</u> | <u>\$ 3,211,760</u> | <u>\$ 78,010</u> | <u>\$ 3,150,746</u> |

NONMAJOR SPECIAL REVENUE FUNDS

Hotel Motel Tax – Established to account for the collection of excise tax on charges for hotel/motel accommodations in the City. Prior to August 2010, the rate imposed was 6%. Subsequently, the rate imposed is 7%. The levy is used to promote tourism, trade shows, and other related purposes.

Confiscated Assets – Established to account for the City’s share of forfeited revenues that are restricted for law enforcement purposes.

Community Development Block Grant – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City’s community development program. The program is used to develop viable urban communities by providing a suitable living environment and expanding economic opportunities, principally for low to moderate income areas.

Community HOME Investment Program Grant – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City’s home improvement program. The program provides assistance to low and very low income families for home improvements.

Airport Improvement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for improvements at the Dalton Municipal Airport.

Transportation Enhancement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for a multi-phase greenway and street project connecting cultural and recreational amenities.

Tax Allocation District #1 – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area in downtown Dalton.

Tax Allocation District #3 – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area on West Walnut Avenue.

Economic Development Fund – Established to account for payments in lieu of taxes derived from an agreement between a business and the Dalton-Whitfield Joint Development Authority, with the proceeds restricted for economic development.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

| | Hotel Motel Tax | Confiscated Assets | Community Development Block Grant | Community HOME Invest. Program Grant | Airport Improvement Grant | Transportation Enhancement Grant | Tax Allocation District #1 | Tax Allocation District #3 | Economic Development | Total Nonmajor Special Revenue Funds |
|--|--------------------|-----------------------|---|--|---------------------------------|--|----------------------------------|----------------------------------|-------------------------|---|
| Assets | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 145,472 | \$ 1 | \$ 1 | \$ - | \$ - | \$ 13,631 | \$ 9,600 | \$ 45,910 | \$ 214,615 |
| Receivables: | | | | | | | | | | |
| Accounts | 102,311 | - | - | - | - | - | - | - | - | 102,311 |
| Taxes | - | - | - | - | - | - | 110 | - | - | 110 |
| Intergovernmental - federal | - | - | 8,146 | - | - | - | - | - | - | 8,146 |
| Prepaid items | - | 40 | - | - | - | - | - | - | - | 40 |
| Total Assets | \$ 102,311 | \$ 145,512 | \$ 8,147 | \$ 1 | \$ - | \$ - | \$ 13,741 | \$ 9,600 | \$ 45,910 | \$ 325,222 |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ 70,404 | \$ 6,920 | \$ 4,351 | \$ - | \$ - | \$ - | \$ - | \$ 2,620 | \$ - | \$ 84,295 |
| Interfund payable | 31,907 | 10,511 | 3,795 | - | - | - | - | - | - | 46,213 |
| Total Liabilities | 102,311 | 17,431 | 8,146 | - | - | - | - | 2,620 | - | 130,508 |
| Deferred Inflows of Resources | | | | | | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - | - | 78 | - | - | 78 |
| Fund Balances | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Prepaid items | - | 40 | - | - | - | - | - | - | - | 40 |
| Restricted for: | | | | | | | | | | |
| Economic development | - | - | - | - | - | - | 13,663 | 6,980 | 45,910 | 66,553 |
| Public safety | - | 128,041 | - | - | - | - | - | - | - | 128,041 |
| Housing and development | - | - | 1 | 1 | - | - | - | - | - | 2 |
| Total Fund Balances | - | 128,081 | 1 | 1 | - | - | 13,663 | 6,980 | 45,910 | 194,636 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 102,311 | \$ 145,512 | \$ 8,147 | \$ 1 | \$ - | \$ - | \$ 13,741 | \$ 9,600 | \$ 45,910 | \$ 325,222 |

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

| | Hotel Motel Tax | Confiscated Assets | Community Development Block Grant | Community HOME Invest. Program Grant | Airport Improvement Grant | Transportation Enhancement Grant | Tax Allocation District #1 | Tax Allocation District #3 | Economic Development | Total Nonmajor Special Revenue Funds |
|--|--------------------|-----------------------|---|--|---------------------------------|--|----------------------------------|----------------------------------|-------------------------|---|
| Revenues | | | | | | | | | | |
| Real and personal property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,581 | \$ - | \$ - | \$ 4,581 |
| Hotel/motel taxes | 1,501,172 | - | - | - | - | - | - | - | - | 1,501,172 |
| Payments in lieu of taxes | - | - | - | - | - | - | - | 45,910 | - | 45,910 |
| Intergovernmental - federal | - | - | 382,635 | - | 129,360 | - | - | - | - | 511,995 |
| Intergovernmental - state | - | - | - | - | 3,790 | - | - | - | - | 3,790 |
| Fines & forfeitures | - | 83,181 | - | - | - | - | - | - | - | 83,181 |
| Investment earnings | - | 599 | - | - | - | - | 16 | - | - | 615 |
| Miscellaneous | 8,139 | 20,041 | - | - | - | - | - | 10,000 | - | 38,180 |
| Total Revenues | <u>1,509,311</u> | <u>103,821</u> | <u>382,635</u> | <u>-</u> | <u>133,150</u> | <u>-</u> | <u>4,597</u> | <u>10,000</u> | <u>45,910</u> | <u>2,189,424</u> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | 85,460 | - | - | - | - | 3,020 | - | 88,480 |
| Public safety | - | 60,658 | - | - | - | - | - | - | - | 60,658 |
| Health and welfare | - | - | 26,408 | - | - | - | - | - | - | 26,408 |
| Culture and recreation | 528,828 | - | - | - | - | - | - | - | - | 528,828 |
| Total Current | <u>528,828</u> | <u>60,658</u> | <u>111,868</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,020</u> | <u>-</u> | <u>704,374</u> |
| Capital Outlay: | | | | | | | | | | |
| General government | - | - | - | - | 157,038 | - | - | - | - | 157,038 |
| Culture and recreation | - | - | 270,767 | - | - | - | - | - | - | 270,767 |
| Total Capital Outlay | <u>-</u> | <u>-</u> | <u>270,767</u> | <u>-</u> | <u>157,038</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>427,805</u> |
| Total Expenditures | <u>528,828</u> | <u>60,658</u> | <u>382,635</u> | <u>-</u> | <u>157,038</u> | <u>-</u> | <u>-</u> | <u>3,020</u> | <u>-</u> | <u>1,132,179</u> |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | 980,483 | 43,163 | - | - | (23,888) | - | 4,597 | 6,980 | 45,910 | 1,057,245 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in (out) | (980,483) | - | - | - | 23,888 | - | - | - | - | (956,595) |
| Net Change in Fund Balances | - | 43,163 | - | - | - | - | 4,597 | 6,980 | 45,910 | 100,650 |
| Fund Balances Beginning of Year | - | 84,918 | 1 | 1 | - | - | 9,066 | - | - | 93,986 |
| Fund Balances End of Year | <u>\$ -</u> | <u>\$ 128,081</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,663</u> | <u>\$ 6,980</u> | <u>\$ 45,910</u> | <u>\$ 194,636</u> |

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--------------------------|-------------------|-------------------|
| Assets | | |
| Accounts receivable | \$ 102,311 | \$ 116,283 |
| Total Assets | <u>\$ 102,311</u> | <u>\$ 116,283</u> |
| Liabilities | | |
| Accounts payable | \$ 70,404 | \$ 21,892 |
| Interfund payable | 31,907 | 94,391 |
| Total Liabilities | <u>\$ 102,311</u> | <u>\$ 116,283</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|------------------|-----------------|------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Hotel/motel taxes | \$ 1,300,000 | \$ 1,501,500 | \$ 1,501,172 | \$ (328) | \$ 1,410,761 |
| Miscellaneous | - | 8,000 | 8,139 | 139 | 14,862 |
| Total Revenues | <u>1,300,000</u> | <u>1,509,500</u> | <u>1,509,311</u> | <u>(189)</u> | <u>1,425,623</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Culture and recreation: | | | | | |
| Other | 497,000 | 529,000 | 528,828 | 172 | 604,486 |
| Total Expenditures | <u>497,000</u> | <u>529,000</u> | <u>528,828</u> | <u>172</u> | <u>604,486</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 803,000 | 980,500 | 980,483 | (17) | 821,137 |
| Other Financing (Uses) | | | | | |
| Transfers out | (803,000) | (980,500) | (980,483) | 17 | (821,137) |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balances Beginning of Year | | | - | | - |
| Fund Balances End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

**City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 145,472 | \$ 86,679 |
| Prepaid items | 40 | - |
| Total Assets | <u>\$ 145,512</u> | <u>\$ 86,679</u> |
| Liabilities | | |
| Accounts payable | \$ 6,920 | \$ 1,761 |
| Interfund payable | 10,511 | - |
| Total Liabilities | <u>17,431</u> | <u>1,761</u> |
| Fund Balances | | |
| Nonspendable: | | |
| Prepaid items | 40 | - |
| Restricted - public safety | 128,041 | 84,918 |
| Total Fund Balances | <u>128,081</u> | <u>84,918</u> |
| Total Liabilities and Fund Balances | <u>\$ 145,512</u> | <u>\$ 86,679</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|-------------------|-----------------|------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Intergovernmental - federal | \$ 60,000 | \$ 60,000 | \$ - | \$ (60,000) | \$ 24,277 |
| Fines & forfeitures | 25,000 | 25,000 | 83,181 | 58,181 | 45,837 |
| Investment earnings | 290 | 290 | 599 | 309 | 354 |
| Miscellaneous | - | 18,540 | 20,041 | 1,501 | 2,565 |
| Total Revenues | <u>85,290</u> | <u>103,830</u> | <u>103,821</u> | <u>(9)</u> | <u>73,033</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Public Safety: | | | | | |
| Other | 80,450 | 60,680 | 60,658 | 22 | 56,063 |
| Capital Outlay: | | | | | |
| Public Safety: | | | | | |
| Capital outlay | - | - | - | - | 8,168 |
| Total Expenditures | <u>80,450</u> | <u>60,680</u> | <u>60,658</u> | <u>22</u> | <u>64,231</u> |
| Net Change in Fund Balances | <u>\$ 4,840</u> | <u>\$ 43,150</u> | 43,163 | <u>\$ 13</u> | 8,802 |
| Fund Balances Beginning of Year | | | <u>84,918</u> | | <u>76,116</u> |
| Fund Balances End of Year | | | <u>\$ 128,081</u> | | <u>\$ 84,918</u> |

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1 | \$ 1 |
| Intergovernmental receivable - federal | <u>8,146</u> | <u>81,257</u> |
| Total Assets | <u>\$ 8,147</u> | <u>\$ 81,258</u> |
| Liabilities | | |
| Accounts payable | \$ 4,351 | \$ 76,529 |
| Interfund payable | <u>3,795</u> | <u>4,728</u> |
| Total Liabilities | <u>8,146</u> | <u>81,257</u> |
| Fund Balances | | |
| Restricted - housing and development | <u>1</u> | <u>1</u> |
| Total Fund Balances | <u>1</u> | <u>1</u> |
| Total Liabilities and Fund Balances | <u>\$ 8,147</u> | <u>\$ 81,258</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|----------------|-----------------|----------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Intergovernmental - federal | \$ 390,000 | \$ 383,195 | \$ 382,635 | \$ (560) | \$ 245,733 |
| Total Revenues | <u>390,000</u> | <u>383,195</u> | <u>382,635</u> | <u>(560)</u> | <u>245,733</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Other | 78,000 | 85,650 | 85,460 | 190 | 93,035 |
| Health and Welfare: | | | | | |
| Other | 30,000 | 26,780 | 26,408 | 372 | 39,085 |
| Housing and Development: | | | | | |
| Other | - | - | - | - | 113,613 |
| Capital outlay: | | | | | |
| Culture and Recreation: | | | | | |
| Capital outlay | 282,000 | 270,765 | 270,767 | (2) | - |
| Total Expenditures | <u>390,000</u> | <u>383,195</u> | <u>382,635</u> | <u>560</u> | <u>245,733</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balances Beginning of Year | | | <u>1</u> | | <u>1</u> |
| Fund Balances End of Year | | | <u>\$ 1</u> | | <u>\$ 1</u> |

City of Dalton, Georgia
Community HOME Investment Program Grant
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|-------------|-------------|
| Assets | | |
| Cash and cash equivalents | \$ 1 | \$ 1 |
| Total Assets | <u>\$ 1</u> | <u>\$ 1</u> |
| | | |
| Fund Balances | | |
| Restricted - housing and development | \$ 1 | \$ 1 |
| Total Fund Balances | <u>\$ 1</u> | <u>\$ 1</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|---------------|------------------|---------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Intergovernmental - federal | \$ 304,980 | \$ 304,980 | \$ - | \$ (304,980) | \$ - |
| Total Revenues | <u>304,980</u> | <u>304,980</u> | <u>-</u> | <u>(304,980)</u> | <u>-</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Housing and Development: | | | | | |
| Other | 309,980 | 309,980 | - | 309,980 | 150 |
| Total Expenditures | <u>309,980</u> | <u>309,980</u> | <u>-</u> | <u>309,980</u> | <u>150</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,000) | (5,000) | - | 5,000 | (150) |
| Other Financing Sources | | | | | |
| Transfers in | 5,000 | 5,000 | - | (5,000) | 150 |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund Balances Beginning of Year | | | <u>1</u> | | <u>1</u> |
| Fund Balances End of Year | | | <u>\$ 1</u> | | <u>\$ 1</u> |

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | 2017 | 2016 |
|-----------------------------|--------------------|--------------------------|
| Assets | | |
| Receivables: | | |
| Intergovernmental - federal | \$ - | \$ 138,952 |
| Intergovernmental - state | <u>-</u> | <u>7,719</u> |
| Total Assets | <u><u>\$ -</u></u> | <u><u>\$ 146,671</u></u> |
| Liabilities | | |
| Accounts payable | \$ - | \$ 32,633 |
| Interfund payable | <u>-</u> | <u>114,038</u> |
| Total Liabilities | <u><u>\$ -</u></u> | <u><u>\$ 146,671</u></u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|----------------|-----------------|----------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Intergovernmental - federal | \$ 1,607,835 | \$ 128,335 | \$ 129,360 | \$ 1,025 | \$ 335,775 |
| Intergovernmental - state | <u>89,325</u> | <u>4,925</u> | <u>3,790</u> | <u>(1,135)</u> | <u>17,444</u> |
| Total Revenues | <u>1,697,160</u> | <u>133,260</u> | <u>133,150</u> | <u>(110)</u> | <u>353,219</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Other | - | - | - | - | 40,160 |
| Capital outlay: | | | | | |
| General Government: | | | | | |
| Capital outlay | <u>1,778,795</u> | <u>157,195</u> | <u>157,038</u> | <u>157</u> | <u>342,493</u> |
| Total Expenditures | <u>1,778,795</u> | <u>157,195</u> | <u>157,038</u> | <u>157</u> | <u>382,653</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (81,635) | (23,935) | (23,888) | 47 | (29,434) |
| Other Financing Sources | | | | | |
| Transfers in | <u>81,635</u> | <u>23,935</u> | <u>23,888</u> | <u>(47)</u> | <u>29,434</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balances Beginning of Year | | | - | | - |
| Fund Balances End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

City of Dalton, Georgia
Transportation Enhancement Grant
Comparative Balance Sheet
December 31, 2017 and 2016

| | 2017 | 2016 |
|-----------------------------|-------------|-------------|
| Assets | | |
| Receivables: | | |
| Intergovernmental - federal | \$ - | \$ 72,733 |
| Total Assets | \$ - | \$ 72,733 |
| Liabilities | | |
| Interfund payable | \$ - | \$ 72,733 |
| Total Liabilities | \$ - | \$ 72,733 |

City of Dalton, Georgia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Enhancement Grant
 For the Year Ended December 31, 2017
 (With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--|-----------------|--------------|-------------|-------------|----------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Revenues | | | | | |
| Intergovernmental - federal | \$ - | \$ - | \$ - | \$ - | \$ 481,361 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>481,361</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Culture and recreation: | | | | | |
| Other | - | - | - | - | 3,780 |
| Capital outlay: | | | | | |
| Culture and recreation: | | | | | |
| Capital outlay | - | - | - | - | 481,763 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>485,543</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | (4,182) |
| Other Financing Sources | | | | | |
| Transfers in | - | - | - | - | 4,182 |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund Balances Beginning of Year | | | <u>-</u> | | <u>-</u> |
| Fund Balances End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

City of Dalton, Georgia
Tax Allocation District #1
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 13,631 | \$ - |
| Receivables: | | |
| Taxes | 110 | 568 |
| Interfund | - | 9,064 |
| Total Assets | <u>\$ 13,741</u> | <u>\$ 9,632</u> |
| Liabilities | | |
| Accounts payable | \$ - | \$ 140 |
| Total Liabilities | <u>-</u> | <u>140</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue - property taxes | <u>78</u> | <u>426</u> |
| Fund Balances | | |
| Restricted - economic development | <u>13,663</u> | <u>9,066</u> |
| Total Fund Balances | <u>13,663</u> | <u>9,066</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 13,741</u> | <u>\$ 9,632</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Tax Allocation District #1
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|------------------|-----------------|-----------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Real and personal property taxes | \$ - | \$ 4,965 | \$ 4,581 | \$ (384) | \$ 9,066 |
| Investment earnings | - | 15 | 16 | 1 | - |
| Total Revenues | <u>-</u> | <u>4,980</u> | <u>4,597</u> | <u>(383)</u> | <u>9,066</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Other | 15,000 | - | - | - | 14,133 |
| Total Expenditures | <u>15,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,133</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (15,000) | 4,980 | 4,597 | (383) | (5,067) |
| Other Financing Sources | | | | | |
| Transfers in | 15,000 | - | - | - | 14,133 |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ 4,980</u> | 4,597 | <u>\$ (383)</u> | 9,066 |
| Fund Balances Beginning of Year | | | <u>9,066</u> | | <u>-</u> |
| Fund Balances End of Year | | | <u>\$ 13,663</u> | | <u>\$ 9,066</u> |

City of Dalton, Georgia
Tax Allocation District #3
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|-------------|
| Assets | | |
| Cash and cash equivalents | \$ 9,600 | \$ - |
| Total Assets | <u>\$ 9,600</u> | <u>\$ -</u> |
| Liabilities | | |
| Accounts payable | \$ 2,620 | \$ - |
| Total Liabilities | <u>2,620</u> | <u>-</u> |
| Fund Balances | | |
| Restricted - economic development | <u>6,980</u> | <u>-</u> |
| Total Fund Balances | <u>6,980</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,600</u> | <u>\$ -</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Tax Allocation District #3
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | | <u>2016</u> |
|--|----------------------------|-------------------------|-----------------|-----------------|---------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Miscellaneous | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ - |
| Total Revenues | <u>-</u> | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Other | - | 3,100 | 3,020 | 80 | - |
| Total Expenditures | <u>-</u> | <u>3,100</u> | <u>3,020</u> | <u>80</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>6,900</u> | <u>6,980</u> | <u>80</u> | <u>-</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ 6,900</u> | <u>6,980</u> | <u>\$ 80</u> | <u>-</u> |
| Fund Balances Beginning of Year | | | <u>-</u> | | <u>-</u> |
| Fund Balances End of Year | | | <u>\$ 6,980</u> | | <u>\$ -</u> |

City of Dalton, Georgia
Economic Development Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|------------------|-------------|
| Assets | | |
| Cash and cash equivalents | \$ 45,910 | \$ - |
| Total Assets | <u>\$ 45,910</u> | <u>\$ -</u> |
| | | |
| Fund Balances | | |
| Restricted - economic development | \$ 45,910 | \$ - |
| Total Fund Balances | <u>\$ 45,910</u> | <u>\$ -</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Economic Development Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | <u>2017</u> | | | <u>2016</u> | |
|--|----------------------------|-------------------------|------------------|-----------------|---------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>Actual</u> |
| Revenues | | | | | |
| Payments in lieu of taxes | \$ - | \$ 45,915 | \$ 45,910 | \$ (5) | \$ - |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ 45,915</u> | 45,910 | <u>\$ (5)</u> | - |
| Fund Balances Beginning of Year | | | - | | - |
| Fund Balances End of Year | | | <u>\$ 45,910</u> | | <u>\$ -</u> |

NONMAJOR DEBT SERVICE FUND

**City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 48,363 | \$ 50,723 |
| Receivables: | | |
| Intergovernmental - local | <u>115,043</u> | <u>120,668</u> |
| Total Assets | <u>\$ 163,406</u> | <u>\$ 171,391</u> |
| Liabilities | | |
| Accrued interest payable | \$ 115,043 | \$ 120,668 |
| Unearned revenue | <u>48,353</u> | <u>50,554</u> |
| Total Liabilities | <u>163,396</u> | <u>171,222</u> |
| Fund Balances | | |
| Restricted - debt service | <u>10</u> | <u>169</u> |
| Total Fund Balances | <u>10</u> | <u>169</u> |
| Total Liabilities and Fund Balances | <u>\$ 163,406</u> | <u>\$ 171,391</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--|----------------------------|-------------------------|------------------|-----------------|------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Revenues | | | | | |
| Intergovernmental - local | \$ 53,000 | \$ 53,000 | \$ 53,000 | \$ - | \$ 53,000 |
| Investment earnings | <u>98,870</u> | <u>98,870</u> | <u>101,372</u> | <u>2,502</u> | <u>105,673</u> |
| Total Revenues | <u>151,870</u> | <u>151,870</u> | <u>154,372</u> | <u>2,502</u> | <u>158,673</u> |
| Expenditures | | | | | |
| Debt Service: | | | | | |
| Principal retirement | 536,675 | 536,685 | 536,678 | 7 | 522,704 |
| Interest and fiscal charges | <u>242,755</u> | <u>242,745</u> | <u>241,012</u> | <u>1,733</u> | <u>257,013</u> |
| Total Expenditures | <u>779,430</u> | <u>779,430</u> | <u>777,690</u> | <u>1,740</u> | <u>779,717</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(627,560)</u> | <u>(627,560)</u> | <u>(623,318)</u> | <u>4,242</u> | <u>(621,044)</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | <u>627,560</u> | <u>627,560</u> | <u>623,159</u> | <u>(4,401)</u> | <u>620,720</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>(159)</u> | <u>\$ (159)</u> | <u>(324)</u> |
| Fund Balances Beginning of Year | | | <u>169</u> | | <u>493</u> |
| Fund Balances End of Year | | | <u>\$ 10</u> | | <u>\$ 169</u> |

NONMAJOR CAPITAL PROJECTS FUNDS

2015 SPLOST Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditures of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the proceeds and related projects will be accounted for and reported in this fund.

2015 SPLOST Bonded Debt Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditures of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the repayment of that debt with SPLOST revenues collected will be accounted for and reported in this fund. Further, all SPLOST projects that were not prefunded by the debt issuance will be accounted for and reported in this fund.

2007 SPLOST Capital Projects Fund – Established to account for all 2007 SPLOST proceeds and related current and capital expenditures of those proceeds.

Capital Acquisition Fund – Established to account for other capital asset activity. The activity in this fund is primarily related to the purchase of machinery, equipment, vehicles, and furniture and fixtures.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

| | <u>SPLOST 2015 Capital Projects Fund</u> | <u>SPLOST 2015 Bonded Debt Capital Projects Fund</u> | <u>SPLOST 2007 Capital Projects Fund</u> | <u>Capital Acquisition Fund</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--|--|--|--|---|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 5,201,899 | \$ - | \$ 23,456 | \$ 5,225,355 |
| Receivables: | | | | | |
| Intergovernmental - local | 559,308 | 1,632,623 | 288,710 | - | 2,480,641 |
| Interfund | 20,670 | - | - | - | 20,670 |
| Total Assets | <u>\$ 579,978</u> | <u>\$ 6,834,522</u> | <u>\$ 288,710</u> | <u>\$ 23,456</u> | <u>\$ 7,726,666</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 116,252 | \$ 362,540 | \$ 224,124 | \$ 23,456 | \$ 726,372 |
| Interfund payable | 161 | 659,828 | 64,586 | - | 724,575 |
| Total Liabilities | <u>116,413</u> | <u>1,022,368</u> | <u>288,710</u> | <u>23,456</u> | <u>1,450,947</u> |
| Fund Balances | | | | | |
| Restricted for: | | | | | |
| Capital projects | 463,565 | 5,812,154 | - | - | 6,275,719 |
| Total Fund Balances | <u>463,565</u> | <u>5,812,154</u> | <u>-</u> | <u>-</u> | <u>6,275,719</u> |
| Total Liabilities and Fund Balances | <u>\$ 579,978</u> | <u>\$ 6,834,522</u> | <u>\$ 288,710</u> | <u>\$ 23,456</u> | <u>\$ 7,726,666</u> |

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

| | SPLOST 2015 Capital Projects Fund | SPLOST 2015 Bonded Debt Capital Projects Fund | SPLOST 2007 Capital Projects Fund | Capital Acquisition Fund | Total Nonmajor Capital Projects Funds |
|--|---|---|---|--------------------------------|--|
| Revenues | | | | | |
| Intergovernmental - state | \$ - | \$ 554,738 | \$ 600,000 | \$ - | \$ 1,154,738 |
| Intergovernmental - local | - | 6,365,590 | 3,766,276 | - | 10,131,866 |
| Investment earnings | 9,869 | 57,287 | - | - | 67,156 |
| Total Revenues | <u>9,869</u> | <u>6,977,615</u> | <u>4,366,276</u> | <u>-</u> | <u>11,353,760</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 497 | 586 | - | - | 1,083 |
| Public safety | - | - | - | 31,226 | 31,226 |
| Public works | - | 1,234,390 | - | - | 1,234,390 |
| Culture and recreation | 3,889 | - | - | 88,197 | 92,086 |
| Total Current | <u>4,386</u> | <u>1,234,976</u> | <u>-</u> | <u>119,423</u> | <u>1,358,785</u> |
| Capital Outlay: | | | | | |
| General government | 1,815,740 | - | - | 22,440 | 1,838,180 |
| Public safety | - | 401,044 | - | - | 401,044 |
| Public works | - | 395,345 | 4,366,276 | 224,630 | 4,986,251 |
| Culture and recreation | 1,207,769 | 1,566,149 | - | 114,327 | 2,888,245 |
| Total Capital Outlay | <u>3,023,509</u> | <u>2,362,538</u> | <u>4,366,276</u> | <u>361,397</u> | <u>10,113,720</u> |
| Debt Service: | | | | | |
| Principal retirement | - | 2,113,612 | - | - | 2,113,612 |
| Interest and fiscal charges | - | 83,313 | - | - | 83,313 |
| Total Debt Service | <u>-</u> | <u>2,196,925</u> | <u>-</u> | <u>-</u> | <u>2,196,925</u> |
| Total Expenditures | <u>3,027,895</u> | <u>5,794,439</u> | <u>4,366,276</u> | <u>480,820</u> | <u>13,669,430</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,018,026) | 1,183,176 | - | (480,820) | (2,315,670) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | - | 480,820 | 480,820 |
| Net Change in Fund Balances | (3,018,026) | 1,183,176 | - | - | (1,834,850) |
| Fund Balances Beginning of Year | <u>3,481,591</u> | <u>4,628,978</u> | <u>-</u> | <u>-</u> | <u>8,110,569</u> |
| Fund Balances End of Year | <u>\$ 463,565</u> | <u>\$ 5,812,154</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,275,719</u> |

City of Dalton, Georgia
SPLOST 2015 Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|---------------------|
| Assets | | |
| Intergovernmental receivable - local | \$ 559,308 | \$ 3,488,169 |
| Interfund receivable | 20,670 | - |
| Total Assets | <u>\$ 579,978</u> | <u>\$ 3,488,169</u> |
| Liabilities | | |
| Accounts payable | \$ 116,252 | \$ 1,723 |
| Interfund payable | 161 | 4,855 |
| Total Liabilities | <u>116,413</u> | <u>6,578</u> |
| Fund Balances | | |
| Restricted - capital projects | 463,565 | 3,481,591 |
| Total Fund Balances | <u>463,565</u> | <u>3,481,591</u> |
| Total Liabilities and Fund Balances | <u>\$ 579,978</u> | <u>\$ 3,488,169</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | 2016 | Project to Date | | | Remaining Budget |
|--|--------------------|---------------------|--------------------|--------------------|--------------------|-------------------|
| | Actual | Actual | Original Budget | Final Budget | Actual | |
| Revenues | | | | | | |
| Investment earnings | \$ 9,869 | \$ 12,703 | \$ - | \$ 26,065 | \$ 26,063 | \$ 2 |
| Total Revenues | <u>9,869</u> | <u>12,703</u> | <u>-</u> | <u>26,065</u> | <u>26,063</u> | <u>2</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government: | | | | | | |
| Other | 497 | 15,121 | 113,000 | 63,715 | 15,618 | 48,097 |
| Public Safety: | | | | | | |
| Other | - | 36,557 | 36,610 | 36,610 | 36,557 | 53 |
| Culture and Recreation: | | | | | | |
| Library | 3,889 | 43,250 | - | 162,551 | 47,139 | 115,412 |
| Other | - | - | 87,000 | 83,750 | 82,454 | 1,296 |
| Total Current | <u>4,386</u> | <u>94,928</u> | <u>236,610</u> | <u>346,626</u> | <u>181,768</u> | <u>164,858</u> |
| Capital Outlay: | | | | | | |
| General Government: | | | | | | |
| Communication project | 1,815,740 | 1,500,299 | - | 3,901,222 | 3,784,186 | 117,036 |
| Public Safety: | | | | | | |
| Fire Department vehicles | - | 303,951 | 1,565,000 | 1,565,000 | 1,558,372 | 6,628 |
| Police Department vehicles | - | 53,194 | 474,433 | 474,433 | 474,433 | - |
| Culture and Recreation: | | | | | | |
| Tennis courts | - | 529,368 | 600,000 | 529,370 | 529,368 | 2 |
| Lakeshore renovation | 1,207,769 | 133,924 | 1,365,000 | 1,489,380 | 1,341,693 | 147,687 |
| Brookwood Bridge | - | - | 35,000 | 35,000 | 33,278 | 1,722 |
| Total Capital Outlay | <u>3,023,509</u> | <u>2,520,736</u> | <u>4,039,433</u> | <u>7,994,405</u> | <u>7,721,330</u> | <u>273,075</u> |
| Debt Service: | | | | | | |
| Issuance costs/fiscal fees | - | - | 166,140 | 166,140 | 165,356 | 784 |
| Total Debt Service | <u>-</u> | <u>-</u> | <u>166,140</u> | <u>166,140</u> | <u>165,356</u> | <u>784</u> |
| Total Expenditures | <u>3,027,895</u> | <u>2,615,664</u> | <u>4,442,183</u> | <u>8,507,171</u> | <u>8,068,454</u> | <u>438,717</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(3,018,026)</u> | <u>(2,602,961)</u> | <u>(4,442,183)</u> | <u>(8,481,106)</u> | <u>(8,042,391)</u> | <u>438,715</u> |
| Other Financing Sources (Uses) | | | | | | |
| Issuance of debt | - | - | 4,442,183 | 8,505,956 | 8,505,956 | - |
| Net Change in Fund Balances | <u>(3,018,026)</u> | <u>(2,602,961)</u> | <u>\$ -</u> | <u>\$ 24,850</u> | <u>\$ 463,565</u> | <u>\$ 438,715</u> |
| Fund Balances Beginning of Year | <u>3,481,591</u> | <u>6,084,552</u> | | | | |
| Fund Balances End of Year | <u>\$ 463,565</u> | <u>\$ 3,481,591</u> | | | | |

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
SPLOST 2015 Bonded Debt Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 5,201,899 | \$ 3,308,948 |
| Intergovernmental receivable - local | <u>1,632,623</u> | <u>1,485,162</u> |
| Total Assets | <u>\$ 6,834,522</u> | <u>\$ 4,794,110</u> |
| Liabilities | | |
| Accounts payable | \$ 362,540 | \$ 12,646 |
| Interfund payable | <u>659,828</u> | <u>152,486</u> |
| Total Liabilities | <u>1,022,368</u> | <u>165,132</u> |
| Fund Balances | | |
| Restricted - capital projects | <u>5,812,154</u> | <u>4,628,978</u> |
| Total Fund Balances | <u>5,812,154</u> | <u>4,628,978</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,834,522</u> | <u>\$ 4,794,110</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2015 Bonded Debt Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | 2016 | Project to Date | | | |
|--|---------------------|---------------------|-------------------|-------------------|-----------------------|---------------------|
| | Actual | Actual | Original Budget | Final Budget | Actual | Remaining Budget |
| Revenues | | | | | | |
| Intergovernmental - state | \$ 554,738 | \$ - | \$ - | \$ 774,465 | \$ 554,738 | \$ 219,727 |
| Intergovernmental - local | 6,365,590 | 6,895,002 | 16,123,957 | 24,913,115 | 2,419,874 | 22,493,241 |
| Investment earnings | 57,287 | 15,579 | - | 71,020 | 72,866 | (1,846) |
| Total Revenues | <u>6,977,615</u> | <u>6,910,581</u> | <u>16,123,957</u> | <u>25,758,600</u> | <u>3,047,478</u> | <u>22,711,122</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government: | | | | | | |
| Other | 586 | 200 | - | 741 | 9,646 | (8,905) |
| Public Safety: | | | | | | |
| Other | - | 447 | 500 | 500 | 447 | 53 |
| Public Works: | | | | | | |
| Bridge maintenance | 32,189 | 4,500 | 1,000,000 | 1,000,000 | 36,689 | 963,311 |
| Willowdale drainage | - | 8,130 | - | 8,130 | 8,130 | - |
| Street resurfacing | 1,202,201 | 777,025 | 5,000,000 | 5,668,655 | 1,979,226 | 3,689,429 |
| Total Current | <u>1,234,976</u> | <u>790,302</u> | <u>6,000,500</u> | <u>6,678,026</u> | <u>2,034,138</u> | <u>4,643,888</u> |
| Capital Outlay: | | | | | | |
| Public Safety: | | | | | | |
| Police Department vehicles | 401,044 | 352,812 | 1,123,457 | 1,123,457 | 822,167 | 301,290 |
| Public Works: | | | | | | |
| Sidewalk construction | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| S. Thornton infrastructure | - | - | 2,000,000 | 1,701,700 | - | 1,701,700 |
| Willowdale drainage | 395,345 | - | - | 395,980 | 399,845 | (3,865) |
| Culture and Recreation: | | | | | | |
| Haig Mill recreation project | 1,566,149 | 754,545 | 5,000,000 | 5,000,000 | 2,320,694 | 2,679,306 |
| Total Capital Outlay | <u>2,362,538</u> | <u>1,107,357</u> | <u>10,123,457</u> | <u>10,221,137</u> | <u>3,542,706</u> | <u>6,678,431</u> |
| Debt Service: | | | | | | |
| Principal retirement | 2,113,612 | 2,081,410 | - | 8,505,956 | 4,195,022 | 4,310,934 |
| Interest and fiscal charges | 83,313 | 115,825 | - | 283,201 | 199,138 | 84,063 |
| Total Debt Service | <u>2,196,925</u> | <u>2,197,235</u> | <u>-</u> | <u>8,789,157</u> | <u>4,394,160</u> | <u>4,394,997</u> |
| Total Expenditures | <u>5,794,439</u> | <u>4,094,894</u> | <u>16,123,957</u> | <u>25,688,320</u> | <u>9,971,004</u> | <u>15,717,316</u> |
| Net Change in Fund Balances | 1,183,176 | 2,815,687 | <u>\$ -</u> | <u>\$ 70,280</u> | <u>\$ (6,923,526)</u> | <u>\$ 6,993,806</u> |
| Fund Balances Beginning of Year | <u>4,628,978</u> | <u>1,813,291</u> | | | | |
| Fund Balances End of Year | <u>\$ 5,812,154</u> | <u>\$ 4,628,978</u> | | | | |

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
SPLOST 2007 Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|-------------------|---------------------|
| Assets | | |
| Intergovernmental receivable - local | \$ 288,710 | \$ 1,006,207 |
| Total Assets | <u>\$ 288,710</u> | <u>\$ 1,006,207</u> |
| | | |
| Liabilities | | |
| Accounts payable | \$ 224,124 | \$ 187,235 |
| Interfund payable | 64,586 | 818,972 |
| Total Liabilities | <u>\$ 288,710</u> | <u>\$ 1,006,207</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2007 Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | 2016 | |
|--|----------------------------|-------------------------|------------------|-----------------|------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Revenues | | | | | |
| Intergovernmental - state | \$ - | \$ 600,000 | \$ 600,000 | \$ - | \$ - |
| Intergovernmental - local | <u>4,707,900</u> | <u>3,766,550</u> | <u>3,766,276</u> | <u>(274)</u> | <u>3,219,416</u> |
| Total Revenues | <u>4,707,900</u> | <u>4,366,550</u> | <u>4,366,276</u> | <u>(274)</u> | <u>3,219,416</u> |
| Expenditures | | | | | |
| Capital Outlay: | | | | | |
| Public Works: | | | | | |
| Road projects | <u>4,707,900</u> | <u>4,366,550</u> | <u>4,366,276</u> | <u>274</u> | <u>3,219,416</u> |
| Total Expenditures | <u>4,707,900</u> | <u>4,366,550</u> | <u>4,366,276</u> | <u>274</u> | <u>3,219,416</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balances Beginning of Year | | | - | | - |
| Fund Balances End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

**City of Dalton, Georgia
Capital Acquisition Fund
Comparative Balance Sheet
December 31, 2017 and 2016**

| | <u>2017</u> | <u>2016</u> |
|---------------------------|------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 23,456 | \$ - |
| Interfund receivable | - | 160,949 |
| Total Assets | <u>\$ 23,456</u> | <u>\$ 160,949</u> |
| | | |
| Liabilities | | |
| Accounts payable | \$ 23,456 | \$ 160,949 |
| Total Liabilities | <u>\$ 23,456</u> | <u>\$ 160,949</u> |

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

| | 2017 | | | | 2016 |
|--|----------------------------|-------------------------|----------------|-----------------|------------------|
| | Original Budget | Final Budget | Actual | Variance | Actual |
| Expenditures | | | | | |
| Current: | | | | | |
| Public Safety: | | | | | |
| Other | \$ - | \$ 31,230 | \$ 31,226 | \$ 4 | \$ 78,800 |
| Culture and Recreation: | | | | | |
| Other | - | 88,205 | 88,197 | 8 | 188,199 |
| Total Current | <u>-</u> | <u>119,435</u> | <u>119,423</u> | <u>12</u> | <u>266,999</u> |
| Capital Outlay: | | | | | |
| General Government: | | | | | |
| Equipment | - | 22,440 | 22,440 | - | - |
| Public Safety: | | | | | |
| Equipment and vehicles | - | - | - | - | 104,515 |
| Public Works: | | | | | |
| Equipment and vehicles | - | 224,840 | 224,630 | 210 | 784,953 |
| Culture and Recreation: | | | | | |
| Equipment | - | 114,330 | 114,327 | 3 | 820,044 |
| Total Capital Outlay | <u>-</u> | <u>361,610</u> | <u>361,397</u> | <u>213</u> | <u>1,709,512</u> |
| Total Expenditures | <u>-</u> | <u>481,045</u> | <u>480,820</u> | <u>225</u> | <u>1,976,511</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | <u>-</u> | <u>481,045</u> | <u>480,820</u> | <u>(225)</u> | <u>1,976,511</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund Balances Beginning of Year | | | <u>-</u> | | <u>-</u> |
| Fund Balances End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

Municipal Golf Course Fund – This fund is used to account for the maintenance and operations of Nob North Golf Course.

Dalton Municipal Airport Fund – This fund is used to account for the maintenance and operations of the Dalton Municipal Airport.

Northwest Georgia Trade and Convention Center Authority – This fund is used to account for the maintenance and operations of the Northwest Georgia Trade and Convention Center Authority, which operates to promote tourism, conventions, special events, and trade shows within the City of Dalton and Whitfield County. The City operates this entity in conjunction with Whitfield County, and has a fifty percent equity interest.

Dalton-Whitfield Regional Solid Waste Management Authority – This fund is used to account for the Dalton-Whitfield Regional Solid Waste Management Authority, which operates and maintains solid waste disposal sites within Whitfield County. The City operates this entity in conjunction with Whitfield County, and has a fifty percent equity interest.

City of Dalton, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017

| | Municipal Golf Course | Municipal Airport | Northwest Georgia Trade and Convention Center Authority | Dalton/Whitfield Regional Solid Waste Mgt Authority | Total Nonmajor Enterprise Funds |
|--|----------------------------------|------------------------------|--|--|--|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 260,749 | \$ 91,586 | \$ - | \$ - | \$ 352,335 |
| Receivables: | | | | | |
| Accounts | - | 4,340 | - | - | 4,340 |
| Inventory | 21,729 | 36,022 | - | - | 57,751 |
| Total Current Assets | <u>282,478</u> | <u>131,948</u> | <u>-</u> | <u>-</u> | <u>414,426</u> |
| Noncurrent Assets: | | | | | |
| Capital Assets: | | | | | |
| Land | 739,352 | 3,786,177 | - | - | 4,525,529 |
| Depreciable capital assets, net | 602,364 | 5,413,761 | - | - | 6,016,125 |
| Other Assets: | | | | | |
| Investment in joint ventures | - | - | 6,697,358 | 12,644,873 | 19,342,231 |
| Total Noncurrent Assets | <u>1,341,716</u> | <u>9,199,938</u> | <u>6,697,358</u> | <u>12,644,873</u> | <u>29,883,885</u> |
| Total Assets | <u>1,624,194</u> | <u>9,331,886</u> | <u>6,697,358</u> | <u>12,644,873</u> | <u>30,298,311</u> |
| Deferred Outflows of Resources | <u>23,294</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,294</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,647,488</u> | <u>\$ 9,331,886</u> | <u>\$ 6,697,358</u> | <u>\$ 12,644,873</u> | <u>\$ 30,321,605</u> |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 3,694 | 1,595 | - | - | 5,289 |
| Accrued expenses | 14,266 | 4,266 | - | - | 18,532 |
| Unearned revenue | 16,855 | 3,081 | - | - | 19,936 |
| Interfund payable | 63,077 | - | - | - | 63,077 |
| Compensated absences payable | 36,000 | 4,000 | - | - | 40,000 |
| Total Current Liabilities | <u>133,892</u> | <u>12,942</u> | <u>-</u> | <u>-</u> | <u>146,834</u> |
| Long-Term Liabilities: | | | | | |
| Compensated absences payable (net of current portion) | 67,586 | 4,954 | - | - | 72,540 |
| Net pension liability | 227,141 | - | - | - | 227,141 |
| Total Long-Term Liabilities | <u>294,727</u> | <u>4,954</u> | <u>-</u> | <u>-</u> | <u>299,681</u> |
| Total Liabilities | <u>428,619</u> | <u>17,896</u> | <u>-</u> | <u>-</u> | <u>446,515</u> |
| Deferred Inflows of Resources | <u>51,523</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>51,523</u> |
| Net Position | | | | | |
| Net investment in capital assets | 1,341,716 | 9,199,938 | - | - | 10,541,654 |
| Unrestricted | (174,370) | 114,052 | 6,697,358 | 12,644,873 | 19,281,913 |
| Total Net Position | <u>1,167,346</u> | <u>9,313,990</u> | <u>6,697,358</u> | <u>12,644,873</u> | <u>29,823,567</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 1,647,488</u> | <u>\$ 9,331,886</u> | <u>\$ 6,697,358</u> | <u>\$ 12,644,873</u> | <u>\$ 30,321,605</u> |

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

| | <u>Municipal Golf Course</u> | <u>Municipal Airport</u> | <u>Northwest Georgia Trade and Convention Center</u> | <u>Dalton/Whitfield Regional Solid Waste Mgt Authority</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|----------------------------------|------------------------------|--|--|--|
| Operating Revenues | | | | | |
| Charges for services | \$ 584,085 | \$ 467,593 | \$ - | \$ - | \$ 1,051,678 |
| Merchandise sales | 89,238 | - | - | - | 89,238 |
| Tournaments | 87,420 | - | - | - | 87,420 |
| Concessions | 56,881 | - | - | - | 56,881 |
| Miscellaneous | 2,559 | 559 | - | - | 3,118 |
| Total Operating Revenues | <u>820,183</u> | <u>468,152</u> | <u>-</u> | <u>-</u> | <u>1,288,335</u> |
| Operating Expenses | | | | | |
| Cost of sales and services | 335,691 | 341,522 | - | - | 677,213 |
| Personal services and benefits | 455,811 | 116,002 | - | - | 571,813 |
| Depreciation | 106,708 | 396,471 | - | - | 503,179 |
| Total Operating Expenses | <u>898,210</u> | <u>853,995</u> | <u>-</u> | <u>-</u> | <u>1,752,205</u> |
| Operating Income (Loss) | <u>(78,027)</u> | <u>(385,843)</u> | <u>-</u> | <u>-</u> | <u>(463,870)</u> |
| Non-Operating Revenues | | | | | |
| Investment earnings | 1,433 | 52 | - | - | 1,485 |
| Income (loss) from joint ventures | - | - | (515,534) | 651,831 | 136,297 |
| Total Non-Operating Revenues | <u>1,433</u> | <u>52</u> | <u>(515,534)</u> | <u>651,831</u> | <u>137,782</u> |
| Income (Loss) Before Transfers In | <u>(76,594)</u> | <u>(385,791)</u> | <u>(515,534)</u> | <u>651,831</u> | <u>(326,088)</u> |
| Transfers in | - | 2,996,305 | 628,000 | - | 3,624,305 |
| Change in Net Position | <u>(76,594)</u> | <u>2,610,514</u> | <u>112,466</u> | <u>651,831</u> | <u>3,298,217</u> |
| Net Position Beginning of Year | <u>1,243,940</u> | <u>6,703,476</u> | <u>6,584,892</u> | <u>11,993,042</u> | <u>26,525,350</u> |
| Net Position End of Year | <u>\$ 1,167,346</u> | <u>\$ 9,313,990</u> | <u>\$ 6,697,358</u> | <u>\$ 12,644,873</u> | <u>\$ 29,823,567</u> |

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

| | Municipal Golf Course | Municipal Airport | Total |
|---|----------------------------------|------------------------------|-------------------|
| Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash Flows from Operating Activities | | | |
| Cash received from customers | \$ 823,946 | \$ 466,579 | \$ 1,290,525 |
| Cash payments for personnel services and benefits | (491,352) | (112,225) | (603,577) |
| Cash payments for goods and services | (341,080) | (262,820) | (603,900) |
| Net Cash Provided by (Used in) Operating Activities | <u>(8,486)</u> | <u>91,534</u> | <u>83,048</u> |
| Cash Flows from Investing Activities | | | |
| Investment earnings | <u>1,433</u> | <u>52</u> | <u>1,485</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition of capital assets | (19,816) | - | (19,816) |
| Payments on interfund loan | (128,503) | - | (128,503) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(148,319)</u> | <u>-</u> | <u>(148,319)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (155,372) | 91,586 | (63,786) |
| Cash and Cash Equivalents Beginning of Year | <u>416,121</u> | <u>-</u> | <u>416,121</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 260,749</u> | <u>\$ 91,586</u> | <u>\$ 352,335</u> |
| Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities | | | |
| Operating Income (Loss) | \$ (78,027) | \$ (385,843) | \$ (463,870) |
| Adjustments: | | | |
| Depreciation | 106,708 | 396,471 | 503,179 |
| Pension contributions in excess of payments | (41,255) | - | (41,255) |
| (Increase) Decrease in Assets: | | | |
| Accounts receivable | - | (3,285) | (3,285) |
| Interfund receivable | - | 86,759 | 86,759 |
| Inventory | 2,670 | (7,884) | (5,214) |
| Increase (Decrease) in Liabilities: | | | |
| Accounts payable | (8,059) | (173) | (8,232) |
| Accrued expenses | 309 | (815) | (506) |
| Unearned revenue | 3,763 | 1,712 | 5,475 |
| Compensated absences payable | 5,405 | 4,592 | 9,997 |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ (8,486)</u> | <u>\$ 91,534</u> | <u>\$ 83,048</u> |

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2017

| | Electric System | Gas System | Water System | Wastewater System | Information Technology System | Total |
|--|-----------------------|----------------------|-----------------------|-----------------------|-------------------------------------|-------------------------|
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 4,020,000 | \$ 933,000 | \$ 718,000 | \$ 790,000 | \$ 719,000 | \$ 7,180,000 |
| Short-term investments | 140,000 | 33,000 | 25,000 | 28,000 | 25,000 | 251,000 |
| Accounts receivable | 9,144,000 | 2,077,000 | 1,523,000 | 1,661,000 | 564,000 | 14,969,000 |
| Unbilled revenues | 3,940,000 | 1,780,000 | 1,223,000 | 779,000 | - | 7,722,000 |
| Interest receivable | 193,000 | 2,000 | 13,000 | 14,000 | 8,000 | 230,000 |
| Fuel stocks | 1,693,000 | 1,222,000 | - | - | - | 2,915,000 |
| Inventory | 14,049,000 | 445,000 | 750,000 | 28,000 | 2,035,000 | 17,307,000 |
| Deposits and prepaid items | 444,000 | 105,000 | 55,000 | 60,000 | 55,000 | 719,000 |
| Restricted customer deposit fund | 1,826,000 | 442,000 | 324,000 | 354,000 | - | 2,946,000 |
| Total Current Assets | <u>35,449,000</u> | <u>7,039,000</u> | <u>4,631,000</u> | <u>3,714,000</u> | <u>3,406,000</u> | <u>54,239,000</u> |
| Noncurrent Assets: | | | | | | |
| Construction in progress | 108,866,000 | - | - | - | - | 108,866,000 |
| Nuclear fuel, at amortized cost | 19,954,000 | - | - | - | - | 19,954,000 |
| Depreciable capital assets, net | 257,698,000 | 17,620,000 | 167,017,000 | 150,840,000 | 55,892,000 | 649,067,000 |
| Restricted combined utilities renewals/extensions fund | 27,526,000 | 2,014,000 | 14,098,000 | 14,769,000 | 8,727,000 | 67,134,000 |
| Restricted combined utilities construction fund | - | 2,269,000 | 70,348,000 | 3,026,000 | - | 75,643,000 |
| Restricted nuclear decommissioning fund | 66,709,000 | - | - | - | - | 66,709,000 |
| Regulatory asset, net | 22,741,000 | 3,154,000 | 5,887,000 | 3,154,000 | 1,892,000 | 36,828,000 |
| Total Noncurrent Assets | <u>503,494,000</u> | <u>25,057,000</u> | <u>257,350,000</u> | <u>171,789,000</u> | <u>66,511,000</u> | <u>1,024,201,000</u> |
| Total Assets | <u>538,943,000</u> | <u>32,096,000</u> | <u>261,981,000</u> | <u>175,503,000</u> | <u>69,917,000</u> | <u>1,078,440,000</u> |
| Deferred Outflows of Resources | <u>494,000</u> | <u>225,000</u> | <u>420,000</u> | <u>225,000</u> | <u>135,000</u> | <u>1,499,000</u> |
| Total Assets and Deferred Outflows | <u>\$ 539,437,000</u> | <u>\$ 32,321,000</u> | <u>\$ 262,401,000</u> | <u>\$ 175,728,000</u> | <u>\$ 70,052,000</u> | <u>\$ 1,079,939,000</u> |

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2017

| | Electric System | Gas System | Water System | Wastewater System | Information Technology System | Total |
|--|-----------------------|----------------------|-----------------------|-----------------------|-------------------------------------|-------------------------|
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 9,711,000 | \$ 3,339,000 | \$ 1,841,000 | \$ 1,875,000 | \$ 5,593,000 | \$ 22,359,000 |
| Customer deposits | <u>2,526,000</u> | <u>611,000</u> | <u>448,000</u> | <u>489,000</u> | <u>-</u> | <u>4,074,000</u> |
| Total Current Liabilities | <u>12,237,000</u> | <u>3,950,000</u> | <u>2,289,000</u> | <u>2,364,000</u> | <u>5,593,000</u> | <u>26,433,000</u> |
| Long-Term Liabilities: | | | | | | |
| Unearned revenue - TVA right of use | 67,000 | - | - | - | - | 67,000 |
| Revenue bonds payable (net of current portion) | - | 2,249,000 | 69,706,000 | 2,998,000 | - | 74,953,000 |
| Net pension liability | 4,970,000 | 2,260,000 | 4,218,000 | 2,260,000 | 1,356,000 | 15,064,000 |
| Asset retirement obligations | <u>64,695,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,695,000</u> |
| Total Long-Term Liabilities | <u>69,732,000</u> | <u>4,509,000</u> | <u>73,924,000</u> | <u>5,258,000</u> | <u>1,356,000</u> | <u>154,779,000</u> |
| Total Liabilities | <u>81,969,000</u> | <u>8,459,000</u> | <u>76,213,000</u> | <u>7,622,000</u> | <u>6,949,000</u> | <u>181,212,000</u> |
| Deferred Inflows of Resources | <u>6,507,000</u> | <u>417,000</u> | <u>778,000</u> | <u>417,000</u> | <u>250,000</u> | <u>8,369,000</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 332,038,000 | 15,361,000 | 96,990,000 | 147,828,000 | 55,892,000 | 648,109,000 |
| Restricted for: | | | | | | |
| Debt service | - | 2,249,000 | 69,732,000 | 2,999,000 | - | 74,980,000 |
| Capital projects | 27,526,000 | 2,014,000 | 14,098,000 | 14,769,000 | 8,727,000 | 67,134,000 |
| Nuclear decommissioning | 66,709,000 | 20,000 | 616,000 | 27,000 | - | 67,372,000 |
| Pension | 1,543,000 | 702,000 | 1,311,000 | 702,000 | 421,000 | 4,679,000 |
| Unrestricted | <u>23,145,000</u> | <u>3,099,000</u> | <u>2,663,000</u> | <u>1,364,000</u> | <u>(2,187,000)</u> | <u>28,084,000</u> |
| Total Net Position | <u>450,961,000</u> | <u>23,445,000</u> | <u>185,410,000</u> | <u>167,689,000</u> | <u>62,853,000</u> | <u>890,358,000</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 539,437,000</u> | <u>\$ 32,321,000</u> | <u>\$ 262,401,000</u> | <u>\$ 175,728,000</u> | <u>\$ 70,052,000</u> | <u>\$ 1,079,939,000</u> |

City of Dalton, Georgia
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water, Light, and Sinking Commission Fund
For the Year Ended December 31, 2017

| | Electric System | Gas System | Water System | Wastewater System | Information Technology System | Total |
|--|-----------------------|----------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|
| Operating Revenues | | | | | | |
| Electric | \$ 116,366,000 | \$ - | \$ - | \$ - | \$ - | \$ 116,366,000 |
| Parity income | 2,812,000 | - | - | - | - | 2,812,000 |
| Natural gas | - | 28,176,000 | - | - | - | 28,176,000 |
| Water | - | - | 20,128,000 | - | - | 20,128,000 |
| Sewer | - | - | - | 22,306,000 | - | 22,306,000 |
| Information technology | - | - | - | - | 21,401,000 | 21,401,000 |
| Total Operating Revenues | <u>119,178,000</u> | <u>28,176,000</u> | <u>20,128,000</u> | <u>22,306,000</u> | <u>21,401,000</u> | <u>211,189,000</u> |
| Operating Expenses | | | | | | |
| Production | 25,765,000 | - | 4,056,000 | 9,802,000 | - | 39,623,000 |
| Purchased electricity | 48,575,000 | - | - | - | - | 48,575,000 |
| Purchased natural gas | - | 20,607,000 | - | - | - | 20,607,000 |
| Distribution | 7,615,000 | 2,008,000 | 4,113,000 | 1,696,000 | 11,483,000 | 26,915,000 |
| Depreciation and amortization | 8,061,000 | 714,000 | 5,475,000 | 5,369,000 | 3,598,000 | 23,217,000 |
| General administration | 5,287,000 | 2,402,000 | 4,484,000 | 2,402,000 | 1,441,000 | 16,016,000 |
| Total Operating Expenses | <u>95,303,000</u> | <u>25,731,000</u> | <u>18,128,000</u> | <u>19,269,000</u> | <u>16,522,000</u> | <u>174,953,000</u> |
| Operating Income (Loss) | <u>23,875,000</u> | <u>2,445,000</u> | <u>2,000,000</u> | <u>3,037,000</u> | <u>4,879,000</u> | <u>36,236,000</u> |
| Non-Operating Revenues (Expenses) | | | | | | |
| Interest income | 1,067,000 | 44,000 | 31,000 | 35,000 | 33,000 | 1,210,000 |
| Net increase (decrease) in fair value of investments and derivatives | 136,000 | 7,000 | 5,000 | 6,000 | 6,000 | 160,000 |
| Miscellaneous income (expense) | 334,000 | 79,000 | 56,000 | 62,000 | 60,000 | 591,000 |
| Total Non-Operating Revenues (Expenses) | <u>1,537,000</u> | <u>130,000</u> | <u>92,000</u> | <u>103,000</u> | <u>99,000</u> | <u>1,961,000</u> |
| Income Before Reallocations and Transfers | <u>25,412,000</u> | <u>2,575,000</u> | <u>2,092,000</u> | <u>3,140,000</u> | <u>4,978,000</u> | <u>38,197,000</u> |
| Reallocations and Transfers | | | | | | |
| Reallocations | (17,808,000) | 1,274,000 | 10,910,000 | 4,358,000 | 1,266,000 | - |
| Transfers out | (5,848,000) | (1,382,000) | (988,000) | (1,094,000) | (1,050,000) | (10,362,000) |
| Total Contributions and Transfers | <u>(23,656,000)</u> | <u>(108,000)</u> | <u>9,922,000</u> | <u>3,264,000</u> | <u>216,000</u> | <u>(10,362,000)</u> |
| Change in Net Position | 1,756,000 | 2,467,000 | 12,014,000 | 6,404,000 | 5,194,000 | 27,835,000 |
| Net Position Beginning of Year | <u>449,205,000</u> | <u>20,978,000</u> | <u>173,396,000</u> | <u>161,285,000</u> | <u>57,659,000</u> | <u>862,523,000</u> |
| Net Position End of Year | <u>\$ 450,961,000</u> | <u>\$ 23,445,000</u> | <u>\$ 185,410,000</u> | <u>\$ 167,689,000</u> | <u>\$ 62,853,000</u> | <u>\$ 890,358,000</u> |

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 260,749 | \$ 416,121 |
| Inventory | 21,729 | 24,399 |
| Total Current Assets | <u>282,478</u> | <u>440,520</u> |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Land | 739,352 | 739,352 |
| Depreciable capital assets, net | 602,364 | 689,256 |
| Total Noncurrent Assets | <u>1,341,716</u> | <u>1,428,608</u> |
| Total Assets | <u>1,624,194</u> | <u>1,869,128</u> |
| Deferred Outflows of Resources | <u>23,294</u> | <u>39,426</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,647,488</u> | <u>\$ 1,908,554</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ 3,694 | \$ 11,753 |
| Accrued expenses | 14,266 | 13,957 |
| Unearned revenue | 16,855 | 13,092 |
| Interfund payable | 63,077 | 191,580 |
| Compensated absences payable | 36,000 | 36,000 |
| Total Current Liabilities | <u>133,892</u> | <u>266,382</u> |
| Long-Term Liabilities: | | |
| Compensated absences payable (net of current portion) | 67,586 | 62,181 |
| Net pension liability | 227,141 | 319,785 |
| Total Long-Term Liabilities | <u>294,727</u> | <u>381,966</u> |
| Total Liabilities | <u>428,619</u> | <u>648,348</u> |
| Deferred Inflows of Resources | <u>51,523</u> | <u>16,266</u> |
| Net Position | | |
| Net investment in capital assets | 1,341,716 | 1,428,608 |
| Unrestricted | (174,370) | (184,668) |
| Total Net Position | <u>1,167,346</u> | <u>1,243,940</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 1,647,488</u> | <u>\$ 1,908,554</u> |

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|---------------------|---------------------|
| Operating Revenues | | |
| Charges for services | \$ 584,085 | \$ 686,615 |
| Merchandise sales | 89,238 | 87,557 |
| Tournaments | 87,420 | 77,378 |
| Concessions | 56,881 | 66,861 |
| Miscellaneous | <u>2,559</u> | <u>5,179</u> |
| Total Operating Revenues | <u>820,183</u> | <u>923,590</u> |
| Operating Expenses | | |
| Cost of sales and services | 335,691 | 340,917 |
| Personal services and benefits | 455,811 | 447,151 |
| Depreciation | <u>106,708</u> | <u>100,152</u> |
| Total Operating Expenses | <u>898,210</u> | <u>888,220</u> |
| Operating Income (Loss) | <u>(78,027)</u> | <u>35,370</u> |
| Non-Operating Revenues | | |
| Investment earnings | 1,433 | 1,242 |
| Gain on sale of assets | <u>-</u> | <u>4,850</u> |
| Total Non-Operating Revenues | <u>1,433</u> | <u>6,092</u> |
| Change in Net Position | (76,594) | 41,462 |
| Net Position Beginning of Year | <u>1,243,940</u> | <u>1,202,478</u> |
| Net Position End of Year | <u>\$ 1,167,346</u> | <u>\$ 1,243,940</u> |

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 91,586 | \$ - |
| Receivables: | | |
| Accounts | 4,340 | 1,055 |
| Interfund | - | 86,759 |
| Inventory | 36,022 | 28,138 |
| Total Current Assets | <u>131,948</u> | <u>115,952</u> |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Land | 3,786,177 | 925,370 |
| Depreciable capital assets, net | 5,413,761 | 5,674,734 |
| Total Noncurrent Assets | <u>9,199,938</u> | <u>6,600,104</u> |
| Total Assets | <u>\$ 9,331,886</u> | <u>\$ 6,716,056</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ 1,595 | \$ 1,768 |
| Accrued expenses | 4,266 | 5,081 |
| Unearned revenue | 3,081 | 1,369 |
| Compensated absences payable | 4,000 | 4,000 |
| Total Current Liabilities | <u>12,942</u> | <u>12,218</u> |
| Long-Term Liabilities: | | |
| Compensated absences payable (net of current portion) | 4,954 | 362 |
| Total Liabilities | <u>17,896</u> | <u>12,580</u> |
| Net Position | | |
| Net investment in capital assets | 9,199,938 | 6,600,104 |
| Unrestricted | 114,052 | 103,372 |
| Total Net Position | <u>9,313,990</u> | <u>6,703,476</u> |
| Total Liabilities and Net Position | <u>\$ 9,331,886</u> | <u>\$ 6,716,056</u> |

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Charges for services | \$ 467,593 | \$ 493,195 |
| Miscellaneous | 559 | 1,398 |
| Total Operating Revenues | <u>468,152</u> | <u>494,593</u> |
| Operating Expenses | | |
| Cost of sales and services | 341,522 | 335,143 |
| Personal services and benefits | 116,002 | 117,493 |
| Depreciation | 396,471 | 390,190 |
| Total Operating Expenses | <u>853,995</u> | <u>842,826</u> |
| Operating (Loss) | <u>(385,843)</u> | <u>(348,233)</u> |
| Nonoperating Revenues and (Expenses) | | |
| Investment earnings | 52 | - |
| Income (Loss) Before Transfers In | <u>(385,791)</u> | <u>(348,233)</u> |
| Transfers In (Out) | | |
| Transfers in | 2,996,305 | 35,187 |
| Change in Net Position | 2,610,514 | (313,046) |
| Net Position Beginning of Year | <u>6,703,476</u> | <u>7,016,522</u> |
| Net Position End of Year | <u>\$ 9,313,990</u> | <u>\$ 6,703,476</u> |

INTERNAL SERVICE FUNDS

Internal Service Funds

Workers' Compensation Fund – This fund is used to account for the financing of workers' compensation insurance provided to other departments of the City on a cost reimbursement basis.

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 780,784 | \$ 883,118 |
| Total Assets | <u>\$ 780,784</u> | <u>\$ 883,118</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ 547 | \$ 18,218 |
| Claims payable | 620,916 | 677,281 |
| Total Liabilities | <u>621,463</u> | <u>695,499</u> |
| Net Position | | |
| Unrestricted | <u>159,321</u> | <u>187,619</u> |
| Total Net Position | <u>159,321</u> | <u>187,619</u> |
| Total Liabilities and Net Position | <u>\$ 780,784</u> | <u>\$ 883,118</u> |

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Operating Revenues | | |
| Charges for services | \$ 708,000 | \$ 550,000 |
| Operating Expenses | | |
| Claims | 465,253 | 680,760 |
| Premiums and administrative fees | 274,439 | 274,895 |
| Total Operating Expenses | <u>739,692</u> | <u>955,655</u> |
| Operating Income (Loss) | <u>(31,692)</u> | <u>(405,655)</u> |
| Non-Operating Revenues and Expenses | | |
| Investment earnings | 3,394 | 2,986 |
| Change in Net Position | (28,298) | (402,669) |
| Net Position Beginning of Year | <u>187,619</u> | <u>590,288</u> |
| Net Position End of Year | <u>\$ 159,321</u> | <u>\$ 187,619</u> |

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Cash Flows
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|--------------------|
| Increase (Decrease) in Cash and Cash Equivalents | | |
| Cash Flows from Operating Activities | | |
| Cash received from interfund services provided | \$ 708,000 | \$ 551,128 |
| Cash payments for claims and fees | <u>(813,728)</u> | <u>(605,860)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>(105,728)</u> | <u>(54,732)</u> |
| Cash Flows from Investing Activities | | |
| Investment earnings | <u>3,394</u> | <u>2,986</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (102,334) | (51,746) |
| Cash and Cash Equivalents Beginning of Year | <u>883,118</u> | <u>934,864</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 780,784</u> | <u>\$ 883,118</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | |
| Operating Income (Loss) | \$ (31,692) | \$ (405,655) |
| (Increase) Decrease in Assets: | | |
| Accounts receivable | - | 1,128 |
| Prepaid items | - | 141,171 |
| Increase (Decrease) in Liabilities: | | |
| Accounts payable | (17,671) | (25,342) |
| Claims payable | <u>(56,365)</u> | <u>233,966</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ (105,728)</u> | <u>\$ (54,732)</u> |

FIDUCIARY FUND

The Fiduciary Funds are used to account for assets held by the City in a fiduciary capacity.

Municipal Court Fund – Established to account for funds collected by the City court on behalf of individuals and other governmental entities.

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities - Fiduciary Funds
For The Years Ended December 31, 2017 and 2016

| | <u>2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>2017</u> |
|---------------------------|------------------|---------------------|-----------------------|------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 54,343 | \$ 1,457,665 | \$ (1,462,675) | \$ 49,333 |
| Liabilities | | | | |
| Accounts payable | \$ 13,778 | \$ 203,538 | \$ (203,531) | \$ 13,785 |
| Interfund payable | - | 1,326,680 | (1,326,680) | - |
| Other liabilities | 40,565 | 1,374,029 | (1,379,046) | 35,548 |
| Total Liabilities | <u>\$ 54,343</u> | <u>\$ 2,904,247</u> | <u>\$ (2,909,257)</u> | <u>\$ 49,333</u> |

DISCRETELY PRESENTED COMPONENT UNIT

The City of Dalton Building Authority is a component unit of the City of Dalton, Georgia. The City treats the Authority as a discretely presented component unit in the government-wide financial statements.

The Authority does not issue separate financial statements, so their activity is required to be disclosed in the financial section of the City's Comprehensive Annual Financial Report.

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Non-Operating Revenues and (Expenses) | | |
| Interest earnings | \$ 141,186 | \$ 173,828 |
| Interest and fiscal charges, net of subsidy | <u>(404,129)</u> | <u>(402,289)</u> |
| Total Non-Operating Revenues and (Expenses) | <u>(262,943)</u> | <u>(228,461)</u> |
| Transfers In (Out) | | |
| Transfers in (inflows of debt service principal and interest from the City of Dalton, City of Dalton Board of Education, and Whitfield County) | 505,237 | 507,834 |
| Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County) | <u>(242,294)</u> | <u>(279,373)</u> |
| Total Transfers In (Out) | <u>262,943</u> | <u>228,461</u> |
| Change in Net Position | <u>\$ -</u> | <u>\$ -</u> |

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 7,105,069 | \$ 14,809,112 |
| Capital leases receivable | <u>9,037,000</u> | <u>6,945,000</u> |
| Total Current Assets | <u>16,142,069</u> | <u>21,754,112</u> |
| Noncurrent Assets: | | |
| Capital leases receivable | <u>10,575,000</u> | <u>19,612,000</u> |
| Total Assets | <u>\$ 26,717,069</u> | <u>\$ 41,366,112</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 7,105,069 | 14,809,112 |
| Revenue bonds payable | 6,782,000 | 6,695,000 |
| Recovery zone economic development bonds payable | 255,000 | 250,000 |
| QZAB bonds payable | <u>2,000,000</u> | <u>-</u> |
| Total Current Liabilities | <u>16,142,069</u> | <u>21,754,112</u> |
| Long-Term Liabilities: | | |
| Revenue bonds payable (net of current portion) | 6,870,000 | 13,652,000 |
| Recovery zone economic development bonds payable (net of current portion) | 3,705,000 | 3,960,000 |
| QZAB bonds payable (net of current portion) | <u>-</u> | <u>2,000,000</u> |
| Total Long-Term Liabilities | <u>10,575,000</u> | <u>19,612,000</u> |
| Total Liabilities | <u>\$ 26,717,069</u> | <u>\$ 41,366,112</u> |

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|----------------------|
| Increase (Decrease) in Cash and Cash Equivalents | | |
| Cash Flows from Capital and Related Financing Activities | | |
| Payments to City of Dalton and Whitfield County for capital use of debt proceeds | \$ (8,614,704) | \$ (8,490,147) |
| Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments | 150,000 | 150,000 |
| Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest | 7,968,604 | 5,279,734 |
| Interest subsidy received on capital debt | 101,108 | 105,545 |
| Interest earnings | 141,186 | 173,828 |
| Principal paid on capital debt | (6,945,000) | (6,833,000) |
| Interest paid on capital debt | (505,237) | (507,834) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(7,704,043)</u> | <u>(10,121,874)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (7,704,043) | (10,121,874) |
| Cash and Cash Equivalents Beginning of Year | <u>14,809,112</u> | <u>24,930,986</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 7,105,069</u> | <u>\$ 14,809,112</u> |

STATISTICAL SECTION

This part of the City of Dalton, Georgia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help readers assess the City's most significant local revenue source – its property tax.

Debt Capacity

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Dalton, Georgia
Net Position by Component
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 77,111,490 | \$ 68,155,502 | \$ 69,252,168 | \$ 70,314,771 | \$ 72,911,193 | \$ 73,764,869 | \$ 73,121,548 | \$ 67,728,129 | \$ 75,726,246 | \$ 81,410,981 |
| Restricted | 1,117,309 | 2,637,360 | 5,617,799 | 577,427 | 240,347 | 251,557 | 262,248 | 8,151,582 | 8,541,404 | 7,061,016 |
| Unrestricted | <u>13,406,176</u> | <u>14,118,540</u> | <u>10,953,991</u> | <u>15,469,318</u> | <u>15,011,536</u> | <u>15,567,935</u> | <u>18,273,295</u> | <u>2,830,865</u> | <u>2,313,750</u> | <u>6,339,511</u> |
| Total governmental activities | \$ <u>91,634,975</u> | \$ <u>84,911,402</u> | \$ <u>85,823,958</u> | \$ <u>86,361,516</u> | \$ <u>88,163,076</u> | \$ <u>89,584,361</u> | \$ <u>91,657,091</u> | \$ <u>78,710,576</u> | \$ <u>86,581,400</u> | \$ <u>94,811,508</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 586,400,998 | \$ 612,348,335 | \$ 649,134,503 | \$ 679,345,721 | \$ 687,108,798 | \$ 698,090,762 | \$ 710,531,416 | \$ 725,497,305 | \$ 744,179,712 | \$ 658,650,654 |
| Restricted | 113,054,000 | 96,992,000 | 90,783,000 | 77,948,000 | 75,034,000 | 73,322,000 | 86,089,000 | 97,394,000 | 96,509,000 | 214,165,000 |
| Unrestricted | <u>39,386,246</u> | <u>36,253,969</u> | <u>30,672,743</u> | <u>31,802,060</u> | <u>43,307,413</u> | <u>40,716,151</u> | <u>35,507,326</u> | <u>36,613,661</u> | <u>44,191,799</u> | <u>43,196,520</u> |
| Total business-type activities | \$ <u>738,841,244</u> | \$ <u>745,594,304</u> | \$ <u>770,590,246</u> | \$ <u>789,095,781</u> | \$ <u>805,450,211</u> | \$ <u>812,128,913</u> | \$ <u>832,127,742</u> | \$ <u>859,504,966</u> | \$ <u>884,880,511</u> | \$ <u>916,012,174</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 663,512,488 | \$ 680,503,837 | \$ 718,386,671 | \$ 749,660,492 | \$ 760,019,991 | \$ 771,855,631 | \$ 783,652,964 | \$ 793,225,434 | \$ 819,905,958 | \$ 740,061,635 |
| Restricted | 114,171,309 | 99,629,360 | 96,400,799 | 78,525,427 | 75,274,347 | 73,573,557 | 86,351,248 | 105,545,582 | 105,050,404 | 221,226,016 |
| Unrestricted | <u>52,792,422</u> | <u>50,372,509</u> | <u>41,626,734</u> | <u>47,271,378</u> | <u>58,318,949</u> | <u>56,284,086</u> | <u>53,780,621</u> | <u>39,444,526</u> | <u>46,505,549</u> | <u>49,536,031</u> |
| Total primary government | \$ <u>830,476,219</u> | \$ <u>830,505,706</u> | \$ <u>856,414,204</u> | \$ <u>875,457,297</u> | \$ <u>893,613,287</u> | \$ <u>901,713,274</u> | \$ <u>923,784,833</u> | \$ <u>938,215,542</u> | \$ <u>971,461,911</u> | \$ <u>1,010,823,682</u> |

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 4,270,206 | \$ 2,530,960 | \$ 2,612,956 | \$ 3,312,603 | \$ 3,302,093 | \$ 2,633,853 | \$ 2,579,345 | \$ 2,971,036 | \$ 3,029,543 | \$ 2,574,600 |
| Judicial | 704,747 | 683,158 | 647,196 | 488,815 | 369,253 | 397,765 | 371,645 | 437,044 | 433,156 | 424,203 |
| Public safety | 14,903,803 | 14,587,205 | 14,539,913 | 14,459,706 | 13,990,949 | 15,095,340 | 15,070,993 | 15,703,840 | 16,548,965 | 16,145,618 |
| Public works | 10,136,329 | 7,934,126 | 9,265,438 | 7,841,578 | 9,010,672 | 8,447,680 | 8,252,341 | 9,170,285 | 9,367,281 | 9,403,531 |
| Health and welfare | 679,018 | 895,475 | 611,320 | 634,598 | 488,545 | 487,293 | 508,735 | 522,072 | 468,925 | 419,892 |
| Culture and recreation | 4,749,408 | 4,149,087 | 4,301,151 | 4,641,686 | 4,967,978 | 5,088,564 | 4,989,858 | 5,390,895 | 5,833,592 | 5,627,651 |
| Housing and development | 1,279,210 | 756,136 | 596,388 | 312,225 | 379,694 | 389,213 | 396,836 | 454,327 | 260,840 | 121,645 |
| Education | 240,061 | - | - | - | - | - | - | - | - | - |
| Interest on long-term debt | 226,898 | 178,413 | 325,111 | 354,337 | 459,985 | 274,506 | 281,844 | 270,543 | 372,838 | 324,325 |
| Total governmental activities expenses | <u>37,189,680</u> | <u>31,714,560</u> | <u>32,899,473</u> | <u>32,045,548</u> | <u>32,969,169</u> | <u>32,814,214</u> | <u>32,451,597</u> | <u>34,920,042</u> | <u>36,315,140</u> | <u>35,041,465</u> |
| Business-type activities | | | | | | | | | | |
| Electric system | 73,614,065 | 79,230,193 | 85,200,911 | 87,423,887 | 80,988,971 | 87,048,375 | 95,797,217 | 90,044,256 | 94,539,437 | 95,303,240 |
| Gas system | 25,082,808 | 21,810,937 | 20,770,369 | 18,319,278 | 15,924,970 | 18,785,179 | 23,036,534 | 18,640,407 | 17,682,431 | 25,731,143 |
| Water system | 21,625,495 | 21,291,524 | 18,527,773 | 17,740,827 | 16,929,002 | 17,926,588 | 17,745,718 | 18,085,121 | 18,225,184 | 18,128,394 |
| Wastewater system | 19,532,011 | 21,271,307 | 20,783,836 | 19,242,572 | 19,170,608 | 20,623,351 | 19,796,633 | 20,152,765 | 20,743,975 | 19,269,419 |
| Information technology system | 19,156,275 | 17,814,163 | 17,948,994 | 18,585,143 | 19,276,365 | 20,223,612 | 19,076,834 | 19,738,019 | 19,376,077 | 16,522,358 |
| Landfill | - | 223,566 | 64,727 | 302,599 | 365,350 | 439,487 | 189,472 | (448,366) | (522,810) | (651,831) |
| Trade Center | 673,926 | 749,552 | 745,787 | 717,958 | 547,930 | 557,720 | 499,660 | 593,614 | 492,074 | 515,534 |
| Municipal golf course | 1,219,530 | 888,328 | 939,516 | 788,790 | 858,544 | 981,056 | 814,233 | 925,758 | 901,402 | 898,210 |
| Municipal airport | - | 459,636 | 482,586 | 503,145 | 518,119 | 604,497 | 904,203 | 813,242 | 846,647 | 853,995 |
| Total business-type activities expenses | <u>160,904,110</u> | <u>163,739,206</u> | <u>165,464,499</u> | <u>163,624,199</u> | <u>154,579,859</u> | <u>167,189,865</u> | <u>177,860,504</u> | <u>168,544,816</u> | <u>172,284,417</u> | <u>176,570,462</u> |
| Total primary government expenses | <u>\$ 198,093,790</u> | <u>\$ 195,453,766</u> | <u>\$ 198,363,972</u> | <u>\$ 195,669,747</u> | <u>\$ 187,549,028</u> | <u>\$ 200,004,079</u> | <u>\$ 210,312,101</u> | <u>\$ 203,464,858</u> | <u>\$ 208,599,557</u> | <u>\$ 211,611,927</u> |

(continued)

Note: In 2008, a change occurred in the presentation and classification of expenses. Certain expenses were reclassified to other functions, and three new functional categories were implemented.

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 1,335,624 | \$ 1,152,739 | \$ 964,306 | \$ 983,375 | \$ 986,862 | \$ 982,441 | \$ 968,883 | \$ 957,103 | \$ 969,673 | \$ 988,534 |
| Judicial | 1,585,097 | 1,098,525 | 1,066,062 | 739,273 | 767,234 | 751,680 | 884,819 | 689,686 | 803,218 | 743,691 |
| Public safety | 1,009,892 | 972,303 | 632,724 | 572,989 | 604,417 | 657,613 | 711,717 | 440,278 | 493,428 | 650,221 |
| Public works | 395,118 | 193,246 | 100,749 | 136,400 | 142,808 | 157,151 | 181,188 | 173,184 | 163,724 | 231,156 |
| Health and welfare | 207,792 | 54,500 | 68,581 | 56,612 | 46,253 | 54,355 | 51,710 | 47,783 | 50,800 | 51,076 |
| Culture and recreation | 485,980 | 361,532 | 322,813 | 223,093 | 324,948 | 395,533 | 373,946 | 374,869 | 400,749 | 405,590 |
| Housing and development | - | - | 215,308 | - | - | - | - | - | - | - |
| Education | 142,000 | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 1,508,234 | 1,782,722 | 2,065,115 | 1,383,138 | 2,258,686 | 657,771 | 1,003,133 | 2,681,730 | 1,699,959 | 2,092,951 |
| Capital grants and contributions | <u>1,600,048</u> | <u>2,301,508</u> | <u>2,801,087</u> | <u>2,353,880</u> | <u>1,182,154</u> | <u>2,669,259</u> | <u>1,317,808</u> | <u>1,895,627</u> | <u>10,147,970</u> | <u>10,100,807</u> |
| Total governmental activities program revenues | <u>8,269,785</u> | <u>7,917,075</u> | <u>8,236,745</u> | <u>6,448,760</u> | <u>6,313,362</u> | <u>6,325,803</u> | <u>5,493,204</u> | <u>7,260,260</u> | <u>14,729,521</u> | <u>15,264,026</u> |

(continued)

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Electric system | \$ 89,918,000 | \$ 96,890,000 | \$ 106,911,000 | \$ 105,347,000 | \$ 102,836,000 | \$ 106,843,000 | \$ 112,194,000 | \$ 119,596,000 | \$ 121,900,000 | \$ 119,178,000 |
| Gas system | 25,694,000 | 17,787,000 | 21,001,000 | 19,701,000 | 15,938,000 | 20,828,000 | 26,159,000 | 19,963,000 | 19,621,000 | 28,176,000 |
| Water system | 18,216,000 | 18,302,000 | 20,170,000 | 20,039,000 | 19,449,000 | 19,119,000 | 20,127,000 | 20,491,000 | 20,824,000 | 20,128,000 |
| Wastewater system | 19,244,000 | 20,424,000 | 22,134,000 | 20,814,000 | 19,438,000 | 19,204,000 | 20,772,000 | 21,863,000 | 21,878,000 | 22,306,000 |
| Information technology system | 17,186,000 | 18,574,000 | 19,314,000 | 18,989,000 | 19,281,000 | 19,620,000 | 20,065,000 | 20,148,000 | 20,995,000 | 21,401,000 |
| Joint ventures - Landfill & Trade Center | 207,977 | - | - | - | - | - | - | - | - | - |
| Municipal golf course | 961,943 | 788,503 | 825,777 | 905,637 | 1,033,346 | 927,834 | 915,270 | 868,829 | 923,590 | 820,183 |
| Municipal airport | - | 90,848 | 91,349 | 103,407 | 117,765 | 211,314 | 558,553 | 455,791 | 494,593 | 468,152 |
| Capital grants and contributions | 112,000 | 332,856 | - | - | 597,000 | - | - | - | - | - |
| Total business-type activities program revenues | <u>171,539,920</u> | <u>173,189,207</u> | <u>190,447,126</u> | <u>185,899,044</u> | <u>178,690,111</u> | <u>186,753,148</u> | <u>200,790,823</u> | <u>203,385,620</u> | <u>206,636,183</u> | <u>212,477,335</u> |
| Total primary government program revenues | <u>\$ 179,809,705</u> | <u>\$ 181,106,282</u> | <u>\$ 198,683,871</u> | <u>\$ 192,347,804</u> | <u>\$ 185,003,473</u> | <u>\$ 193,078,951</u> | <u>\$ 206,284,027</u> | <u>\$ 210,645,880</u> | <u>\$ 221,365,704</u> | <u>\$ 227,741,361</u> |
| Net revenues (expenses) | | | | | | | | | | |
| Governmental activities | \$ (28,919,895) | \$ (23,797,485) | \$ (24,662,728) | \$ (25,596,788) | \$ (26,655,807) | \$ (26,488,411) | \$ (26,958,393) | \$ (27,659,782) | \$ (21,585,619) | \$ (19,777,439) |
| Business-type activities | <u>10,635,810</u> | <u>9,450,001</u> | <u>24,982,627</u> | <u>22,274,845</u> | <u>24,110,252</u> | <u>19,563,283</u> | <u>22,930,319</u> | <u>34,840,804</u> | <u>34,351,766</u> | <u>35,906,873</u> |
| Total primary government net revenue (expense) | <u>\$ (18,284,085)</u> | <u>\$ (14,347,484)</u> | <u>\$ 319,899</u> | <u>\$ (3,321,943)</u> | <u>\$ (2,545,555)</u> | <u>\$ (6,925,128)</u> | <u>\$ (4,028,074)</u> | <u>\$ 7,181,022</u> | <u>\$ 12,766,147</u> | <u>\$ 16,129,434</u> |

(continued)

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes levied for | | | | | | | | | | |
| General purposes | \$ 6,782,866 | \$ 9,937,794 | \$ 9,006,423 | \$ 8,757,658 | \$ 9,303,685 | \$ 7,876,135 | \$ 8,371,150 | \$ 9,143,523 | \$ 8,197,757 | \$ 8,552,650 |
| Debt service | 346,686 | 356,958 | 33,115 | 4,718 | 4,683 | - | - | - | - | - |
| Recreation | 3,454,864 | 465,090 | 58,150 | - | - | - | - | - | - | - |
| Selective taxes | 6,164,971 | 5,560,754 | 5,686,337 | 5,858,375 | 6,103,688 | 9,380,518 | 9,843,608 | 9,932,992 | 9,378,765 | 10,149,190 |
| Hotel motel taxes | 714,896 | 692,065 | 862,298 | 1,060,665 | 1,093,798 | 1,170,315 | 1,235,285 | 1,364,880 | 1,410,761 | 1,501,172 |
| Investment earnings | 393,570 | 149,895 | 122,113 | 227,288 | 253,696 | 241,177 | 222,324 | 224,686 | 227,495 | 299,310 |
| Donations | 604,488 | 90,309 | 192,349 | 584,123 | 1,820,028 | 346,807 | 63,476 | 20,891 | 50,252 | 261,115 |
| Miscellaneous | 557,910 | 283,120 | 436,717 | 495,556 | 596,278 | 514,289 | 465,825 | 559,299 | 633,166 | 497,349 |
| Transfers | <u>8,691,000</u> | <u>(677,381)</u> | <u>9,177,782</u> | <u>9,145,963</u> | <u>9,281,511</u> | <u>8,380,455</u> | <u>8,829,455</u> | <u>9,400,547</u> | <u>9,567,313</u> | <u>6,737,695</u> |
| Total governmental activities general revenues and other changes in net position | <u>27,711,251</u> | <u>16,858,604</u> | <u>25,575,284</u> | <u>26,134,346</u> | <u>28,457,367</u> | <u>27,909,696</u> | <u>29,031,123</u> | <u>30,646,818</u> | <u>29,465,509</u> | <u>27,998,481</u> |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 7,887,581 | (4,056,322) | 7,389,350 | 3,945,453 | 1,192,689 | (4,695,126) | 5,663,965 | 1,715,779 | 180,242 | 1,371,485 |
| Miscellaneous | 496,000 | 682,000 | 1,801,747 | 1,431,200 | 333,000 | 191,000 | 234,000 | 150,000 | 410,850 | 591,000 |
| Transfers | <u>(8,691,000)</u> | <u>677,381</u> | <u>(9,177,782)</u> | <u>(9,145,963)</u> | <u>(9,281,511)</u> | <u>(8,380,455)</u> | <u>(8,829,455)</u> | <u>(9,400,547)</u> | <u>(9,567,313)</u> | <u>(6,737,695)</u> |
| Total business-type activities general revenues and other changes in net position | <u>(307,419)</u> | <u>(2,696,941)</u> | <u>13,315</u> | <u>(3,769,310)</u> | <u>(7,755,822)</u> | <u>(12,884,581)</u> | <u>(2,931,490)</u> | <u>(7,534,768)</u> | <u>(8,976,221)</u> | <u>(4,775,210)</u> |
| Total primary government general revenues and other changes in net position | <u>\$ 27,403,832</u> | <u>\$ 14,161,663</u> | <u>\$ 25,588,599</u> | <u>\$ 22,365,036</u> | <u>\$ 20,701,545</u> | <u>\$ 15,025,115</u> | <u>\$ 26,099,633</u> | <u>\$ 23,112,050</u> | <u>\$ 20,489,288</u> | <u>\$ 23,223,271</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ (1,208,644) | \$ (6,938,881) | \$ 912,556 | \$ 537,558 | \$ 1,801,560 | \$ 1,421,285 | \$ 2,072,730 | \$ 2,987,036 | \$ 7,879,890 | \$ 8,221,042 |
| Business-type activities | <u>10,328,391</u> | <u>6,753,060</u> | <u>24,995,942</u> | <u>18,505,535</u> | <u>16,354,430</u> | <u>6,678,702</u> | <u>19,998,829</u> | <u>27,306,036</u> | <u>25,375,545</u> | <u>31,131,663</u> |
| Total primary government change in net position | <u>\$ 9,119,747</u> | <u>\$ (185,821)</u> | <u>\$ 25,908,498</u> | <u>\$ 19,043,093</u> | <u>\$ 18,155,990</u> | <u>\$ 8,099,987</u> | <u>\$ 22,071,559</u> | <u>\$ 30,293,072</u> | <u>\$ 33,255,435</u> | <u>\$ 39,352,705</u> |

City of Dalton, Georgia
Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Nonspendable | \$ 34,820 | \$ 138,532 | \$ 97,011 | \$ 185,083 | \$ 207,539 | \$ 212,643 | \$ 179,680 | \$ 155,856 | \$ 249,062 | \$ 171,680 |
| Restricted | 105,500 | 102,316 | 91,959 | 91,959 | 91,029 | 91,029 | 96,029 | 96,029 | 99,974 | 114,974 |
| Unrestricted | <u>13,395,178</u> | <u>17,145,924</u> | <u>17,568,683</u> | <u>16,928,666</u> | <u>19,548,598</u> | <u>20,788,168</u> | <u>22,097,252</u> | <u>21,579,429</u> | <u>20,912,480</u> | <u>23,563,828</u> |
| Total general fund | <u>\$ 13,535,498</u> | <u>\$ 17,386,772</u> | <u>\$ 17,757,653</u> | <u>\$ 17,205,708</u> | <u>\$ 19,847,166</u> | <u>\$ 21,091,840</u> | <u>\$ 22,372,961</u> | <u>\$ 21,831,314</u> | <u>\$ 21,261,516</u> | <u>\$ 23,850,482</u> |
| Nonmajor governmental funds | | | | | | | | | | |
| Nonspendable | \$ 15,837 | \$ 17,936 | \$ 8,897 | \$ 750 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40 |
| Restricted | <u>4,700,249</u> | <u>2,495,831</u> | <u>5,493,273</u> | <u>378,447</u> | <u>99,366</u> | <u>129,188</u> | <u>78,958</u> | <u>7,974,454</u> | <u>8,204,724</u> | <u>6,470,325</u> |
| Total nonmajor governmental funds | <u>\$ 4,716,086</u> | <u>\$ 2,513,767</u> | <u>\$ 5,502,170</u> | <u>\$ 379,197</u> | <u>\$ 99,366</u> | <u>\$ 129,188</u> | <u>\$ 78,958</u> | <u>\$ 7,974,454</u> | <u>\$ 8,204,724</u> | <u>\$ 6,470,365</u> |

City of Dalton, Georgia
Changes in Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 17,464,283 | \$ 17,012,661 | \$ 15,646,323 | \$ 15,681,416 | \$ 16,505,854 | \$ 18,426,968 | \$ 19,450,043 | \$ 19,727,131 | \$ 18,940,840 | \$ 20,473,181 |
| Licenses and permits | 1,335,624 | 1,152,739 | 964,306 | 983,375 | 986,862 | 982,441 | 968,883 | 957,103 | 969,673 | 988,534 |
| Intergovernmental revenues | 3,108,282 | 4,084,230 | 4,866,202 | 3,729,380 | 3,440,782 | 3,327,030 | 2,320,941 | 4,577,357 | 11,847,929 | 12,193,758 |
| Charges for services | 2,331,802 | 1,633,223 | 1,572,660 | 1,140,030 | 1,263,013 | 1,336,866 | 1,476,461 | 1,277,199 | 1,409,091 | 1,413,867 |
| Fines and forfeitures | 964,673 | 840,251 | 506,110 | 462,225 | 453,345 | 484,730 | 549,231 | 405,566 | 456,663 | 454,847 |
| Investment earnings | 371,002 | 140,959 | 117,557 | 231,567 | 250,949 | 238,043 | 219,226 | 221,899 | 224,509 | 295,916 |
| Miscellaneous | 1,437,982 | 682,326 | 943,058 | 1,162,138 | 2,558,705 | 994,634 | 752,890 | 591,054 | 815,699 | 975,514 |
| Total Revenues | <u>27,013,648</u> | <u>25,546,389</u> | <u>24,616,216</u> | <u>23,390,131</u> | <u>25,459,510</u> | <u>25,790,712</u> | <u>25,737,675</u> | <u>27,757,309</u> | <u>34,664,404</u> | <u>36,795,617</u> |
| Expenditures | | | | | | | | | | |
| General government | 2,404,601 | 1,911,892 | 2,022,594 | 2,081,391 | 2,139,627 | 2,219,861 | 2,146,368 | 2,399,552 | 2,596,194 | 2,222,011 |
| Judicial | 686,788 | 698,354 | 654,770 | 486,374 | 362,015 | 381,534 | 414,003 | 437,298 | 433,736 | 436,770 |
| Public safety | 14,231,734 | 14,133,661 | 13,732,562 | 13,883,732 | 13,445,167 | 13,965,925 | 15,017,013 | 15,391,367 | 15,814,820 | 16,356,131 |
| Public works | 8,092,435 | 6,149,832 | 7,419,974 | 6,120,255 | 7,236,418 | 6,746,059 | 7,294,473 | 7,636,525 | 7,857,512 | 8,226,802 |
| Health and welfare | 595,669 | 891,226 | 607,982 | 637,408 | 463,605 | 447,700 | 479,815 | 507,489 | 441,560 | 412,987 |
| Culture and recreation | 3,741,273 | 2,988,772 | 3,047,410 | 3,501,267 | 3,501,067 | 3,542,935 | 3,711,990 | 3,892,767 | 4,272,271 | 4,114,484 |
| Housing and development | 1,163,681 | 926,360 | 589,742 | 386,679 | 322,625 | 370,981 | 463,332 | 448,165 | 425,513 | 351,590 |
| Capital outlay | 4,605,673 | 3,119,404 | 4,960,817 | 8,038,782 | 6,656,062 | 5,492,823 | 3,017,443 | 6,647,103 | 9,752,687 | 10,579,620 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 1,147,790 | 1,196,099 | 1,298,247 | 1,568,034 | 598,561 | 603,204 | 509,958 | 513,798 | 2,604,114 | 2,650,290 |
| Interest and fiscal charges | 204,436 | 155,951 | 477,827 | 333,806 | 293,792 | 274,506 | 281,844 | 270,543 | 372,838 | 324,325 |
| Debt issuance costs | - | - | - | - | - | - | - | 165,356 | - | - |
| Total Expenditures | <u>36,874,080</u> | <u>32,171,551</u> | <u>34,811,925</u> | <u>37,037,728</u> | <u>35,018,939</u> | <u>34,045,528</u> | <u>33,336,239</u> | <u>38,309,963</u> | <u>44,571,245</u> | <u>45,675,010</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(9,860,432)</u> | <u>(6,625,162)</u> | <u>(10,195,709)</u> | <u>(13,647,597)</u> | <u>(9,559,429)</u> | <u>(8,254,816)</u> | <u>(7,598,564)</u> | <u>(10,552,654)</u> | <u>(9,906,841)</u> | <u>(8,879,393)</u> |

(continued)

Note: In 2008, a change occurred in the presentation and classification of expenses. Certain expenses were reclassified to other functions, and three new functional categories were implemented.

City of Dalton, Georgia
Changes in Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of debt | \$ - | \$ - | \$ 6,130,000 | \$ - | \$ - | \$ 1,148,857 | \$ - | \$ 8,505,956 | \$ - | \$ - |
| Transfers in | 9,996,811 | 9,947,366 | 15,230,728 | 11,188,924 | 13,521,540 | 11,547,319 | 11,535,763 | 13,817,596 | 13,068,767 | 11,842,350 |
| Transfers out | <u>(1,305,811)</u> | <u>(1,673,249)</u> | <u>(6,052,946)</u> | <u>(2,042,961)</u> | <u>(4,526,557)</u> | <u>(3,166,864)</u> | <u>(2,706,308)</u> | <u>(4,417,049)</u> | <u>(3,501,454)</u> | <u>(2,108,350)</u> |
| Total Other Financing Sources (Uses) | <u>8,691,000</u> | <u>8,274,117</u> | <u>15,307,782</u> | <u>9,145,963</u> | <u>8,994,983</u> | <u>9,529,312</u> | <u>8,829,455</u> | <u>17,906,503</u> | <u>9,567,313</u> | <u>9,734,000</u> |
| Net Change in Fund Balance | <u>\$ (1,169,432)</u> | <u>\$ 1,648,955</u> | <u>\$ 5,112,073</u> | <u>\$ (4,501,634)</u> | <u>\$ (564,446)</u> | <u>\$ 1,274,496</u> | <u>\$ 1,230,891</u> | <u>\$ 7,353,849</u> | <u>\$ (339,528)</u> | <u>\$ 854,607</u> |
| Debt service as a % of noncapital expenditures | 4.4% | 4.9% | 6.3% | 7.0% | 3.2% | 3.2% | 2.7% | 2.6% | 9.3% | 9.3% |

City of Dalton, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Ten Year Summary
(Unaudited)

| Fiscal Year | Real Property | Personal Property | Public Utilities | Less Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------|------------------|-------------------|------------------|-----------------------------|---------------------------------|--------------------------|
| 2008 | \$ 2,288,433,413 | \$ 1,608,962,174 | \$ 39,531,613 | \$ 166,913,529 | \$ 3,770,013,671 | 3.002 |
| 2009 | 2,261,143,928 | 1,562,971,156 | 38,765,258 | 173,595,248 | 3,689,285,094 | 2.974 |
| 2010 | 2,179,604,008 | 1,404,109,825 | 35,274,050 | 263,376,173 | 3,355,611,710 | 2.875 |
| 2011 | 2,123,448,963 | 1,433,785,109 | 32,304,213 | 276,731,830 | 3,312,806,455 | 2.780 |
| 2012 | 2,084,647,818 | 1,551,656,253 | 28,039,843 | 298,161,930 | 3,366,181,984 | 2.697 |
| 2013 | 2,056,904,020 | 1,543,923,211 | 20,583,698 | 297,794,168 | 3,323,616,761 | 2.616 |
| 2014 | 2,052,246,308 | 1,674,478,338 | 26,323,418 | 318,453,929 | 3,434,594,135 | 2.537 |
| 2015 | 2,082,112,700 | 1,652,510,636 | 26,322,153 | 325,665,644 | 3,435,279,845 | 2.511 |
| 2016 | 2,101,523,870 | 1,554,900,785 | 25,412,165 | 310,145,903 | 3,371,690,917 | 2.506 |
| 2017 | 2,198,330,501 | 1,588,229,275 | 23,732,060 | 316,394,309 | 3,493,897,527 | 2.506 |

Source: Whitfield County Board of Tax Assessors

Note: Real property includes commercial and residential property. All property is assessed at 100% of estimated actual value. For this reason, assessed value is equal to estimated actual value. A reappraisal of residential and agricultural property was completed in 2008. Tax rates are per \$1,000 of assessed value.

City of Dalton, Georgia
Direct and Overlapping Property Tax Rates
Ten Year Summary
(Unaudited)

| Fiscal Year | Operating Millage | Debt Service Millage | Recreation Millage | Total City Millage | Dalton Public Schools Millage | Special Districts Millage | Whitfield County Millage | Total Direct and Overlapping Rates |
|-------------|----------------------|-------------------------|-----------------------|-----------------------|----------------------------------|------------------------------|-----------------------------|---------------------------------------|
| 2008 | 1.902 | 0.100 | 1.000 | 3.002 | 7.845 | 2.250 | 5.061 | 18.158 |
| 2009 | 2.874 | 0.100 | 0.000 | 2.974 | 7.845 | 1.000 | 5.061 | 16.880 |
| 2010 | 2.875 | 0.000 | 0.000 | 2.875 | 7.845 | 0.950 | 5.061 | 16.731 |
| 2011 | 2.780 | 0.000 | 0.000 | 2.780 | 7.845 | 0.950 | 5.061 | 16.636 |
| 2012 | 2.697 | 0.000 | 0.000 | 2.697 | 7.845 | 0.950 | 6.061 | 17.553 |
| 2013 | 2.616 | 0.000 | 0.000 | 2.616 | 7.845 | 0.950 | 6.061 | 17.472 |
| 2014 | 2.537 | 0.000 | 0.000 | 2.537 | 8.200 | 0.950 | 6.061 | 17.748 |
| 2015 | 2.511 | 0.000 | 0.000 | 2.511 | 8.200 | 0.950 | 7.061 | 18.722 |
| 2016 | 2.506 | 0.000 | 0.000 | 2.506 | 8.200 | 0.950 | 9.561 | 21.217 |
| 2017 | 2.506 | 0.000 | 0.000 | 2.506 | 8.200 | 0.950 | 9.329 | 20.985 |

Source: Whitfield County Board of Tax Assessors

Note: The City of Dalton taxes on 100% of assessed value; Whitfield County taxes on 40% of assessed value

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Dalton. Not all overlapping rates apply to all City of Dalton property owners. For example, the rates for special districts apply only to those property owners located within the geographic boundaries of the special district.

Note: The debt service tax revenue was historically reported in the debt service fund. The recreation tax revenue was historically reported in the recreation special revenue fund.

City of Dalton, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

| Taxpayer | 2017 | | | 2008 | | |
|--|----------------|------|-----------------------------|----------------|------|-----------------------------|
| | Taxable | Rank | Percentage of Total | Taxable | Rank | Percentage of Total |
| | Assessed Value | | City Taxable Assessed Value | Assessed Value | | City Taxable Assessed Value |
| Shaw Industries, Inc. | \$ 508,975,680 | 1 | 14.6% | \$ 382,791,822 | 1 | 10.2% |
| Mohawk Industries, Inc. | 155,517,787 | 2 | 4.5% | 150,327,095 | 2 | 4.0% |
| Engineered Floors, LLC (J&J Industries merger) | 80,253,679 | 3 | 2.3% | 70,945,834 | 4 | 1.9% |
| Beaulieu Group, LLC | 69,204,929 | 4 | 2.0% | 80,684,276 | 3 | 2.1% |
| TANDUS Group, Inc. (formerly Collins & Aikman) | 67,455,331 | 5 | 1.9% | 40,089,689 | 5 | 1.1% |
| USFloors, Inc. | 59,621,898 | 6 | 1.7% | - | NA | 0.0% |
| Lexmark Carpet Mills, Inc. | 45,275,331 | 7 | 1.3% | - | NA | 0.0% |
| The Peeples Group | 34,717,697 | 8 | 1.0% | - | NA | 0.0% |
| Shiroki Georgia, LLC | 26,093,606 | 9 | 0.7% | 27,801,739 | 8 | 0.7% |
| Windstream (formerly Alltel) | 17,927,272 | 10 | 0.5% | 30,604,127 | 6 | 0.8% |
| CBL & Associates Properties, Inc. | - | NA | 0.0% | 28,076,323 | 7 | 0.7% |
| Thomas Industries, LLC | - | NA | 0.0% | 26,992,620 | 9 | 0.7% |
| Propes Fabrics, Inc. | - | NA | 0.0% | 24,003,957 | 10 | 0.6% |

Source: Whitfield County Tax Commissioner

Note: Beaulieu Group, LLC filed for Chapter 11 bankruptcy in July 2017. Assets were subsequently purchased by Engineered Floors, LLC in November 2017.

City of Dalton, Georgia
Property Tax Levies and Collections
Ten Year Summary
(Unaudited)

| Fiscal Year | Taxes Levied | Collected within the Fiscal Year of the Levy | | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---------------|---|-----------------------|--------------|------------------------------------|---------------------------|--|
| | | Amount | Percentage of Levy | Amount | | Percentage of Levy | |
| 2008 | \$ 10,717,290 | \$ 4,315,761 | 40.3% | \$ 6,401,136 | \$ 10,716,897 | 100.0% | |
| 2009 | 10,439,104 | 4,091,977 | 39.2% | 6,344,149 | 10,436,126 | 100.0% | |
| 2010 | 9,208,612 | 6,935,407 | 75.3% | 2,272,917 | 9,208,324 | 100.0% | |
| 2011 | 8,714,014 | 7,444,424 | 85.4% | 1,269,290 | 8,713,714 | 100.0% | |
| 2012 | 8,597,292 | 7,595,137 | 88.3% | 1,001,782 | 8,596,919 | 100.0% | |
| 2013 | 8,278,776 | 7,339,021 | 88.6% | 939,168 | 8,278,189 | 100.0% | |
| 2014 | 8,325,685 | 7,348,018 | 88.3% | 976,602 | 8,324,620 | 100.0% | |
| 2015 | 8,335,862 | 7,466,921 | 89.6% | 851,620 | 8,318,541 | 99.8% | |
| 2016 | 8,235,457 | 7,420,789 | 90.1% | 702,348 | 8,123,137 | 98.6% | |
| 2017 | 8,529,604 | 7,625,345 | 89.4% | - | 7,625,345 | 89.4% | |

Source: Whitfield County Board of Tax Assessors

Note: 2008 property tax bills were mailed late and not considered delinquent until 1/07/09.

Note: 2009 property tax bills were mailed late and not considered delinquent until 1/11/10.

City of Dalton, Georgia
Ratios of Outstanding Debt by Type
Ten Year Summary
(Unaudited)

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|----------------|-----------------------------|----------------|---------------|-----------------------------|---------------|-----------------------------|----------------------------------|------------|
| | General Obligation Bonds | Capital Leases | Notes Payable | Revenue Bonds | | | | |
| 2008 | \$ 2,860,000 | \$ - | \$ 1,274,425 | \$ 71,033,000 | \$ 75,167,425 | 7.8% | \$ 2,250 | |
| 2009 | 1,940,000 | - | 998,326 | 54,593,000 | 57,531,326 | 6.1% | 1,712 | |
| 2010 | - | 6,585,000 | 1,185,079 | 29,973,000 | 37,743,079 | 4.1% | 1,139 | |
| 2011 | - | 5,375,000 | 827,045 | 11,820,000 | 18,022,045 | 2.5% | 539 | |
| 2012 | - | 5,150,000 | 453,484 | - | 5,603,484 | 0.6% | 168 | |
| 2013 | - | 5,831,137 | 318,000 | 74,953,000 | 81,102,137 | 8.2% | 2,427 | |
| 2014 | - | 5,374,179 | 265,000 | 74,953,000 | 80,592,179 | 7.8% | 2,404 | |
| 2015 | - | 13,419,337 | 212,000 | - | 13,631,337 | 1.3% | 403 | |
| 2016 | - | 10,868,223 | 159,000 | - | 11,027,223 | 1.0% | 324 | |
| 2017 | - | 8,270,933 | 106,000 | 74,953,000 | 83,329,933 | NA | 2,445 | |

NA Not yet available

Note: Details regarding the City's outstanding debt are disclosed in Note 3-I of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Ratios of General Obligation Debt Outstanding
Ten Year Summary
(Unaudited)

| Fiscal Year | General Obligation Bonds | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------|-----------------------------|--|------------|
| 2008 | \$ 2,860,000 | 0.1% | \$ 86 |
| 2009 | 1,940,000 | 0.1% | 58 |
| 2010 | - | 0.0% | - |
| 2011 | - | 0.0% | - |
| 2012 | - | 0.0% | - |
| 2013 | - | 0.0% | - |
| 2014 | - | 0.0% | - |
| 2015 | - | 0.0% | - |
| 2016 | - | 0.0% | - |
| 2017 | - | 0.0% | - |

Source: The actual taxable value of property is obtained from the Schedule of Assessed and Estimated Actual Value of Taxable Property. Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the City's outstanding debt is disclosed in Note 3-I of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017
(Unaudited)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Applicable Percentage</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------|--|---|
| Debt repaid with revenues other than property taxes: | | | |
| Dalton Public School System agreement with Building Authority - Qualified Zone Academy Bonds | \$ 2,000,000 | 100.0% | \$ 2,000,000 |
| Whitfield County agreement with Building Authority - Series 2015 SPLOST Bonds | 9,342,064 | 32.0% | <u>2,988,970</u> |
| Total overlapping debt | | | 4,988,970 |
| City direct debt | | | <u>8,376,933</u> |
| Total direct and overlapping debt | | | <u>\$ 13,365,903</u> |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Dalton, Georgia. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

Note: For debt repaid with Special Purpose Local Option Sales Tax, the allocation of Whitfield County debt to City residents is based upon the proportion of City population to Whitfield County population from the 2010 census.

City of Dalton, Georgia
Legal Debt Margin Information
Ten Year Summary
(Unaudited)

| | For the year ending December 31, | | | | | | | | | |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Debt limit | \$ 360,474,151 | \$ 386,288,034 | \$ 361,898,788 | \$ 358,953,829 | \$ 366,434,391 | \$ 362,141,093 | \$ 375,304,806 | \$ 376,094,549 | \$ 368,183,682 | \$ 381,029,184 |
| Total net debt applicable to limit | <u>1,853,236</u> | <u>1,052,832</u> | <u>-</u> |
| Legal debt margin | <u>\$ 358,620,915</u> | <u>\$ 385,235,202</u> | <u>\$ 361,898,788</u> | <u>\$ 358,953,829</u> | <u>\$ 366,434,391</u> | <u>\$ 362,141,093</u> | <u>\$ 375,304,806</u> | <u>\$ 376,094,549</u> | <u>\$ 368,183,682</u> | <u>\$ 381,029,184</u> |
| Total net debt applicable to limit as a % of debt limit | 0.5% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|------------------------------------|-----------------------|
| Assessed value | \$ 3,493,897,527 |
| Add: exempt property | <u>316,394,309</u> |
| Total assessed value | 3,810,291,836 |
| | 10.0% |
| Debt limit (10% of assessed value) | <u>\$ 381,029,184</u> |
| Debt applicable to limit | |
| Total general obligation debt | <u>\$ -</u> |
| Legal debt margin | <u>\$ 381,029,184</u> |

City of Dalton, Georgia
Pledged-Revenue Coverage
Ten Year Summary
(Unaudited)

| Fiscal Year | Utility Revenue Bonds | | | | | |
|----------------|----------------------------|-------------------------------|--------------------------|---------------|--------------|----------|
| | Utility Service Charges | Utility Operating Expenses | Net Available Revenue | Debt Service | | |
| | | | | Principal | Interest | Coverage |
| 2008 | \$ 150,273,000 | \$ 111,552,000 | \$ 38,721,000 | \$ 16,305,000 | \$ 3,995,000 | 1.9 |
| 2009 | 150,470,000 | 115,284,000 | 35,186,000 | 17,170,000 | 3,127,000 | 1.7 |
| 2010 | 167,388,000 | 120,981,000 | 46,407,000 | 18,105,000 | 2,191,000 | 2.3 |
| 2011 | 162,948,000 | 120,490,000 | 42,458,000 | 11,820,000 | 702,000 | 3.4 |
| 2012 | 155,141,000 | 111,896,000 | 43,245,000 | - | - | - |
| 2013 | 163,817,000 | 121,327,000 | 42,490,000 | - | - | - |
| 2014 | 177,119,000 | 135,820,000 | 41,299,000 | - | - | - |
| 2015 | 179,289,000 | 125,258,000 | 54,031,000 | - | - | - |
| 2016 | 181,360,000 | 128,935,000 | 52,425,000 | - | - | - |
| 2017 | 186,976,000 | 138,812,000 | 48,164,000 | - | 2,414,000 | 20.0 |

Note: Details regarding the City's outstanding debt can be found in Note 3-I of the Notes to the Basic Financial Statements. Operating expenses do not include interest, depreciation, or amortization.

City of Dalton, Georgia
Demographic and Economic Statistics
Ten Year Summary
(Unaudited)

| Fiscal Year | Estimated Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate | School Enrollment |
|----------------|-------------------------|-----------------------------------|-------------------------------|----------------------|----------------------|
| 2008 | 33,401 * | \$ 965,590 | \$ 28,909 | 5.7% | 6,694 |
| 2009 | 33,604 * | 941,819 | 28,027 | 12.5% | 6,729 |
| 2010 | 33,128 | 910,059 | 27,471 | 12.4% | 6,840 |
| 2011 | 33,413 * | 716,041 | 21,430 | 12.1% | 6,974 |
| 2012 | 33,413 * | 953,874 | 28,548 | 11.4% | 7,225 |
| 2013 | 33,414 * | 983,407 | 29,431 | 9.2% | 7,518 |
| 2014 | 33,529 * | 1,028,267 | 30,668 | 7.2% | 7,703 |
| 2015 | 33,853 * | 1,067,689 | 31,539 | 5.9% | 7,835 |
| 2016 | 34,077 * | 1,153,063 | 33,837 | 6.0% | 7,966 |
| 2017 | 33,748 * | NA | NA | 5.6% | 7,899 |

NA

Not yet available

Source:

Per Capita Personal Income and Unemployment Rate information was provided by the Georgia Department of Labor. School Enrollment information was provided by the Dalton Independent School System. Population information was provided by the US Census Bureau.

*

Estimated

**City of Dalton, Georgia
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

| Taxpayer | 2017 | | | 2008 | | |
|--|---------------|------|------------------------------------|---------------|------|------------------------------------|
| | Employees (1) | Rank | Percentage of Total City Employees | Employees (1) | Rank | Percentage of Total City Employees |
| Shaw Industries, Inc. | 4,711 | 1 | 14.2% | 6,393 | 1 | 19.1% |
| Mohawk Industries, Inc. | 2,217 | 2 | 6.7% | 2,317 | 2 | 6.9% |
| Hamilton Medical Center | 1,274 | 3 | 3.9% | 1,262 | 4 | 3.8% |
| Dalton Public School System | 1,216 | 4 | 3.7% | 983 | 5 | 2.9% |
| TANDUS Group, Inc. (formerly Collins & Aikman) | 1,119 | 5 | 3.4% | 671 | 8 | 2.0% |
| Beaulieu Group, LLC | 935 | 6 | 2.8% | 1,921 | 3 | 5.8% |
| City of Dalton, Georgia | 852 | 7 | 2.6% | 723 | 7 | 2.2% |
| Engineered Floors, LLC (J&J Industries merger) | 583 | 8 | 1.8% | 781 | 6 | 2.3% |
| Columbia Recycling Corp. | 463 | 9 | 1.4% | - | NA | 0.0% |
| Shiroki Georgia, LLC | 375 | 10 | 1.1% | 500 | 9 | 1.5% |
| Pilgrim's Pride Corporation | - | NA | 0.0% | 494 | 10 | 1.5% |

NA Information not available

(1) Includes City of Dalton only

Source: Dalton-Whitfield Chamber of Commerce and City occupation tax data

Note: The above figures for the City of Dalton include WLSF Commission employees and employees leased to joint ventures.

Note: Beaulieu Group, LLC filed for Chapter 11 bankruptcy in July 2017. Assets were subsequently purchased by Engineered Floors, LLC in November 2017.

City of Dalton, Georgia
Full-Time Equivalent City Government Employees by Function/Program
Ten Year Summary
(Unaudited)

| Function/Program | For the year ending December 31, | | | | | | | | | |
|--|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| General Government | | | | | | | | | | |
| Administration and elected officials | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 |
| Human Resources | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| City Clerk | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| IT | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Finance | 5 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Building Inspection | 5 | 5 | - | - | - | - | - | - | - | - |
| Municipal Court | 10 | 9 | 8 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Public Safety | | | | | | | | | | |
| Police - Officers | 98 | 86 | 81 | 82 | 79 | 81 | 82 | 83 | 81 | 85 |
| Police - Civilians | 12 | 14 | 15 | 13 | 15 | 14 | 15 | 15 | 15 | 13 |
| Fire - Firefighters and officers | 91 | 87 | 85 | 88 | 83 | 89 | 88 | 93 | 91 | 91 |
| Fire - Civilians | - | - | - | 1 | 1 | 2 | 3 | 3 | 3 | 92 |
| Streets and Sanitation | | | | | | | | | | |
| Refuse collection | 32 | 32 | 31 | 31 | 31 | 31 | 30 | 29 | 30 | 28 |
| Streets | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Other | 23 | 23 | 23 | 24 | 27 | 25 | 25 | 30 | 30 | 30 |
| DWRSWMA (Landfill) | 38 | 38 | 38 | 38 | 37 | 36 | 36 | 36 | 36 | 36 |
| WLSF (Dalton Utilities) | 309 | 310 | 402 | 307 | 301 | 304 | 310 | 308 | 308 | 309 |
| Culture and Recreation | | | | | | | | | | |
| Recreation | 37 | 24 | 25 | 25 | 28 | 29 | 27 | 27 | 28 | 29 |
| Golf Course | 11 | 9 | 9 | 7 | 6 | 6 | 6 | 8 | 10 | 7 |
| Senior Center | 4 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Trade Center | 16 | - | - | - | 5 | 12 | 15 | 15 | 15 | 17 |
| Economic Development and Assistance | | | | | | | | | | |
| Airport | - | - | - | - | - | - | 1 | 2 | 2 | 2 |

Source: City of Dalton and WLSF Commission payroll departments

Note: A full time employee is scheduled to work 1,560 hours per year (including vacation and sick leave).

Note: The City leases employees to the Dalton-Whitfield Solid Waste Management Authority, the Dalton Whitfield Community Development Corporation, the Dalton-Whitfield Convention and Visitors Bureau, the Downtown Dalton Development Authority, and the Northwest Georgia Trade and Convention Center Authority.

Note: The Building Inspection department was part of the City until September 2009, when it merged with Whitfield County government.

Note: The Northwest Georgia Trade and Convention Center Authority management and employees were outsourced from 2009 through 2011.

City of Dalton, Georgia
Operating Indicators by Function/Program
Ten Year Summary
(Unaudited)

| Function/Program | For the year ending December 31, | | | | | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| General Government | | | | | | | | | | |
| Building permits issued | 298 | 160 | - | - | - | - | - | - | - | - |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical arrests | 2,852 | 2,647 | 3,221 | 3,868 | 4,212 | 4,682 | 4,109 | 4,014 | 3,668 | 4,424 |
| Traffic citations and warnings | 19,140 | 11,727 | 9,384 | 12,621 | 10,831 | 11,375 | 12,943 | 11,174 | 10,826 | 11,710 |
| Fire | | | | | | | | | | |
| Calls answered | 1,323 | 1,323 | 1,517 | 2,766 | 2,744 | 2,537 | 2,663 | 2,896 | 3,590 | 3,719 |
| Inspections conducted | 170 | 616 | 469 | 468 | 220 | 610 | 598 | 259 | 717 | 1,080 |
| Culture and Recreation | | | | | | | | | | |
| Youth athletic enrollment | 2,725 | 2,850 | 3,098 | 3,575 | 2,698 | 4,258 | 4,273 | 4,500 | 4,535 | 4,580 |
| Adult athletic enrollment | 2,390 | 2,390 | 2,441 | 2,398 | 2,292 | 2,089 | 2,001 | 1,950 | 1,935 | 1,940 |
| Special events | 10,500 | 12,000 | 20,000 | 25,000 | 25,120 | 20,000 | 26,452 | 29,000 | 28,960 | 29,558 |
| Tournaments | 17,200 | 16,000 | 18,225 | 21,655 | 22,868 | 24,268 | 25,267 | 25,398 | 26,243 | 25,253 |

(continued)

- (1) In millions of gallons
(2) Includes Whitfield County
Source: Various City departments
Note: Building Inspection absorbed by Whitfield County.

City of Dalton, Georgia
Operating Indicators by Function/Program
Ten Year Summary
(Unaudited)

| Function/Program | For the year ending December 31, | | | | | | | | | |
|---|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| WLSF (Dalton Utilities) (1) (2) | | | | | | | | | | |
| Electric System | | | | | | | | | | |
| Number of service connections | 15,904 | 15,691 | 15,532 | 15,500 | 15,625 | 16,512 | 16,664 | 16,882 | 16,907 | 16,802 |
| Daily average consumption | 4,164 | 4,005 | 4,178 | 3,977 | 3,976 | 4,236 | 4,485 | 4,762 | 4,931 | 5,073 |
| Maximum daily peak (MW's) | 262 | 262 | 262 | 262 | 243 | 237 | 256 | 267 | 275 | 271 |
| Natural Gas System | | | | | | | | | | |
| Number of service connections | 8,031 | 8,013 | 7,789 | 7,602 | 7,623 | 7,594 | 7,813 | 7,554 | 7,534 | 7,445 |
| Daily average consumption | 5,532 | 5,170 | 6,305 | 5,679 | 4,798 | 5,819 | 7,840 | 7,295 | 8,622 | 13,716 |
| Maximum daily peak (Dkthms) | 17,868 | 19,154 | 19,055 | 16,487 | 17,217 | 18,163 | 23,440 | 24,166 | 25,681 | 27,824 |
| Sewer system | | | | | | | | | | |
| Number of service connections | 12,466 | 12,393 | 12,323 | 12,317 | 12,450 | 12,616 | 12,773 | 12,884 | 12,916 | 12,847 |
| Daily average treatment | 24 | 24 | 21 | 21 | 20 | 22 | 20 | 21 | 19 | 23 |
| Maximum daily capacity (Mil/gallons) | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Water system | | | | | | | | | | |
| Number of service connections | 32,457 | 35,790 | 35,559 | 35,501 | 35,674 | 35,236 | 35,423 | 35,532 | 36,217 | 36,084 |
| Daily average consumption (Mil/gallons) | 24 | 21 | 21 | 1 | 22 | 23 | 25 | 27 | 27 | 27 |
| Maximum daily capacity (Mil/gallons) | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Optilink (Telecom) System | | | | | | | | | | |
| Number of service connections | 11,650 | 11,930 | 11,776 | 11,827 | 12,033 | 12,234 | 12,502 | 12,934 | 13,393 | 13,534 |

City of Dalton, Georgia
Capital Asset Statistics by Function/Program
Ten Year Summary
(Unaudited)

| Function/Program | For the year ending December 31, | | | | | | | | | |
|----------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of patrol units | 58 | 57 | 58 | 58 | 58 | 58 | 63 | 63 | 65 | 65 |
| Fire | | | | | | | | | | |
| Number of stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Streets and Sanitation | | | | | | | | | | |
| Miles of streets | 169 | 173 | 173 | 174 | 174 | 178 | 180 | 180 | 180 | 180 |
| Streetlights | 4,435 | 4,472 | 4,485 | 4,505 | 4,525 | 4,545 | 4,610 | 4,615 | 4,620 | 4,633 |
| Culture and Recreation | | | | | | | | | | |
| Community centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks | 11 | 11 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Park acreage | 459 | 459 | 644 | 644 | 719 | 719 | 719 | 719 | 734 | 734 |
| Golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming pools | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 18 | 16 | 22 | 22 | 22 | 22 | 22 | 22 | 28 | 28 |
| WLSF (Dalton Utilities) | | | | | | | | | | |
| Electric System | | | | | | | | | | |
| Miles of distribution | 197 | 199 | 204 | 206 | 301 | 310 | 317 | 334 | 339 | 356 |
| Number of substations | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 11 | 11 | 11 |
| Natural gas system | | | | | | | | | | |
| Miles of distribution | 255 | 256 | 276 | 277 | 324 | 279 | 285 | 292 | 296 | 298 |
| Sewer system | | | | | | | | | | |
| Miles of sewer | 278 | 284 | 298 | 299 | 319 | 323 | 323 | 324 | 328 | 336 |
| Number of treatment plants | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water system | | | | | | | | | | |
| Miles of water mains | 1,288 | 1,285 | 1,259 | 1,259 | 1,249 | 1,248 | 1,250 | 1,251 | 1,244 | 1,234 |
| Number of fire hydrants | 5,299 | 5,190 | 5,230 | 5,004 | 5,004 | 5,008 | 5,010 | 5,029 | 5,040 | 5,055 |
| Optilink (Telecom) System | | | | | | | | | | |
| Miles of fiber optics | 578 | 586 | 592 | 601 | 601 | 626 | 827 | 1,096 | 1,317 | 1,367 |

Source: Various City departments

Note: Dalton Utilities figures include Whitfield County

City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2017

| Project Name | Original Estimated Project Cost | Revised Estimated SPLOST Funds | Prior Years | Current Year | Total | Estimated Percentage Complete |
|---|---------------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|
| SPLOST 2015 (2015 Referendum): | | | | | | |
| County-wide communications project | \$ 3,901,000 | \$ 3,901,000 | \$ 1,969,200 | \$ 1,816,823 | \$ 3,786,023 | 97% |
| County-wide library project | 163,000 | 163,000 | 43,250 | 3,889 | 47,139 | 29% |
| Lakeshore Park recreation project | 2,200,000 | 2,200,000 | 793,591 | 1,207,769 | 2,001,360 | 91% |
| Public safety vehicles | 3,200,000 | 3,200,000 | 2,490,932 | 401,044 | 2,891,976 | 90% |
| Haig Mill reservoir recreation project | 5,000,000 | 5,000,000 | 763,405 | 1,566,149 | 2,329,554 | 47% |
| Streets, bridges, and stormwater projects | 10,000,000 | 10,000,000 | 789,655 | 1,074,996 | 1,864,651 | 19% |
| | <u>\$ 24,464,000</u> | <u>\$ 24,464,000</u> | <u>\$ 6,850,033</u> | <u>\$ 6,070,670</u> | <u>\$ 12,920,703</u> | 53% |
| SPLOST 2008 (2007 Referendum): | | | | | | |
| Road Projects | <u>\$ 30,384,359</u> | <u>\$ 11,710,215</u> | <u>\$ 9,440,186</u> | <u>\$ 3,766,276</u> | <u>\$ 13,206,462</u> | 100% |
| Total | <u><u>\$ 54,848,359</u></u> | <u><u>\$ 36,174,215</u></u> | <u><u>\$ 16,290,219</u></u> | <u><u>\$ 9,836,946</u></u> | <u><u>\$ 26,127,165</u></u> | |

Note: This schedule is presented on the modified accrual basis of accounting.

Note: Expenditures presented on this schedule are \$3,351,664 less than those presented on the combining statement of revenues, expenditures, and changes in fund balances for SPLOST nonmajor capital projects funds. That variance is due to two factors: a) \$2,196,925 in current year expenditures in SPLOST capital projects funds for debt service, which are not SPLOST expenditures, and were funded by proceeds from the issuance of debt during 2015; and b) \$1,154,739 in current year expenditures in SPLOST capital projects funds for drainage and paving projects, which are SPLOST projects but were funded by state LMIG grants and a Georgia DCA grant.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council,
City Administrator, and Finance Director
City of Dalton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dalton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dalton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dalton, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2017-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dalton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Dalton, Georgia's Response to Findings

The City of Dalton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Dalton, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Estes & Walcott

Dalton, Georgia
June 29, 2018

City of Dalton, Georgia
Schedule of Findings and Responses
December 31, 2017

Findings – Financial Statement Audit

2017-001 Criteria: Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.

Condition: Controls related to concession inventory at the Recreation Department are inadequate.

Cause: The department has not implemented controls sufficient to reduce the risk of asset misappropriation.

Effect: Concession revenues or inventory misappropriation may not be prevented or detected on a timely basis.

Recommendation: The department should implement controls to monitor inventories and to reconcile concession receipts to inventory consumption on a regular basis.

Management Response: We concur. The City has purchased and placed point of sale software in the concession venues. This automated cash and credit card system also contains an inventory module. The recreation department is currently utilizing the system for revenues and will implement the system for inventory before the end of 2017. The recreation department is also developing written procedures for inventory controls.

City of Dalton, Georgia
Schedule of Prior Year Audit Findings
December 31, 2017

Prior Year Findings – Financial Statement Audit

| | |
|----------------------------|---|
| 2016-001 Condition: | Controls related to concession revenues and inventory at the Recreation Department are inadequate. |
| Current Status: | The City has the same finding this year. Management has made significant progress in their efforts to eliminate this finding, but the inventory module for the Recreation Department has yet to be implemented. Management believes this will not be a finding next year. |